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Britain Cuts Key Rate, Following Neighbors

Central Bank Hopes To Spur Lending, Citing Economic Deterioration

By Warren Hoge

LONDON — Citing persistent "deterioration across the economy," the Bank of England cut its benchmark interest rate to 6.25 percent Thursday. It was the central bank's third reduction in three months and its second consecutive half-point cut.

The move reflected anxiety over the slowing economy and the growing threat posed by turmoil abroad. The prospects for global activity appear to have weakened, and commodity prices have fallen further since the previous cut Nov. 5, the central bank said in a statement.

Coming a week after the 11 Continental nations participating in the start of monetary union next month jointly lowered their base rates, the move was aimed at giving some relief to manufacturers and exporters, who have blamed Britain's higher rates and the strong pound for a deep slump in sales.

The cut still left the rate, the minimum at which the central bank lends to commercial banks, at more than double the level in much of Western Europe — 10 of the euro nations cut their base rates last week to 3.0 percent, and Italy brought its rate down to 3.5 percent — and the highest among the Group of Seven industrialized nations. Most industrial nations have reduced rates to try to avert a global recession.

Financial markets had anticipated a British rate cut, and stocks, bonds and the pound showed little change. The Financial Times-Stock Exchange 100 index closed 83.0 points lower at 6,603.30.

The decision by the Bank of England brought a swift response from lenders, with the principal mortgage banks also cutting their rates by a half-point. Although the housing market has not had the same problems as other sectors of the British economy, there has been a marked slowdown in sales over the past six months.

Kevin Gardiner, senior economist at Morgan Stanley International, said data from Britain's manufacturing and service sectors "have been consistently

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The Dollar		
New York	Thursday 4 P.M.	previous close
DM	1.6514	1.6584
Yen	117.075	117.82
FF	5.5405	5.5975
Pound	1.6715	1.6832
Dollars per pound		
	84.15	84.16
S&P 500		
	1,165.02	1,165.02
Nasdaq		
	2,015.95	2,015.95

Ericsson Cuts Work Force As Profit Outlook Dims

By John Tagliabue

ROME — Ericsson, the Swedish phone manufacturer, announced on Thursday a second round of layoffs in its aggressive reorganization and said fourth-quarter profit would be 15 to 20 percent lower than expected because of flagging demand for cellular phones and switching systems.

The company, which had warned investors in October to expect slower sales because of the financial crises in Asia and Latin America, said that in January it would cut 10 percent of its work force, or 10,000 jobs, in addition to 10,000 jobs that the company is eliminating as part of an aggressive cost-

Newstand Prices		
Andorra	10.00 FF Lebanon	11.3000
Antilles	12.50 FF Morocco	16.0000
Cameroun	1.800 CFA Franc	12.50 FF
Egypt	1.000 FF Saudi Arabia	10.0000
France	1.000 CFA Franc	1.100 CFA
Germany	3.000 DM Spain	250 Pes
Ivory Coast	1.250 CFA Franc	1.250 DM
Jordan	1.250 JD U.A.E.	10.00 DM
Kuwait	700 Fils U.S. \$ (Ex.)	\$1.20



SNOWBOUND IN FRANKFURT — Two jetliners standing idle Thursday at Frankfurt International Airport after heavy snowfalls disrupted air travel. Intercontinental flights were delayed, and a quarter of domestic and European flights were canceled. Page 2.

Blair Seconds U.S. Call For a New NATO Mission

He Backs Fight on Arms of Mass Destruction

By Tom Buckle and Walter Wells

LONDON — Underlining his and his country's reputation as Washington's most dependable ally, Prime Minister Tony Blair expressed clear support on Thursday for a U.S. campaign to give NATO a new mission of combating weapons of mass destruction, the first European leader to do so publicly.

"I think the United States is right to try to define what the modern role for NATO is, because in truth it is bound to change," Mr. Blair said in an interview at his Downing Street office.

He also played down the recent dispute with Germany and France over taxation, saying that talk of harmonizing taxes across Europe reflected "scars" by anti-European Conservative politicians and British newspapers rather than any actual proposals.

Britain has plenty of allies to resist drives toward harmonization or the introduction of majority voting on tax matters, he said, citing comments in the last week by Prime Ministers Lionel Jospin of France, Goran Persson of Sweden and Jose Maria Aznar of Spain.

"We are not going to agree to the same corporate tax rates or income tax rates across Europe, and we are not going to agree to measures that push everyone's taxes up over Europe," Mr. Blair said. "The idea that Britain stands alone on this issue is in my judgment absurd."

Mr. Blair, who spoke here before heading to Vienna for a summit meeting of European Union leaders that begins Friday, has appeared on the defensive in recent days over taxes and demands that Britain give up some of its £2 billion (\$3.3 billion) rebate from the EU budget. While he promised to defend the rebate, his language was calmly determined rather than threatening. He insisted that his government's positive stance on matters ranging from social policy to defense had put Britain "back on center stage."

"We are a major European nation," Mr. Blair said. "We should act as such."

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Bonn Warns It Will Not Be EU Paymaster

By Barry James

VIENNA — Germany insisted Thursday on the eve of a European Union summit meeting that it will no longer foot a disproportionate share of the EU budget, and even cast doubts on the bloc's planned expansion toward Eastern and Central Europe.

The strong warning by Chancellor Gerhard Schröder that without a reduction of Germany's payments "enlargement will be harder to achieve if it can be achieved at all," made it likely that this will be one of the EU's most critical meetings in recent years, observers said.

Much has been said about the symbolism of a meeting taking place on the site of the Congress of Vienna, which established a new map of Europe in 1815. But EU officials said the community stood little chance of rewriting that map again until it resolved the differences over its internal budget.

This requires agreement on a complex document called Agenda 2000 setting spending priorities for the years 2000 to 2006. "It must be clear," Mr. Schröder told the Bundestag in Bonn, "agreement on Agenda 2000 is a precondition for having serious talks about taking in new members."

Chancellor Viktor Klima of Austria, the conference's host, confirmed a deep split over finances, and said that his pre-summit tour of European capitals had produced no indication of a breakthrough. But he said he hoped the meeting would result in more integration in economic, security and foreign policy.

Germany has historically been the EU's principal paymaster, but earlier this week Mr. Schröder asserted that his predecessor as chancellor, Helmut Kohl, had been "ripped off" by the other countries, and accused EU partners of relying on the German treasury every time they had a political problem.

That now had to end, Mr. Schröder told the Bundestag. There could be no continuation, he said, of a system in which Germany pays into the EU 22

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Clinton's Defenders Make Final Plea to Republicans

But Gingrich Alerts House to Prepare for a Vote

By Brian Knowlton

International Herald Tribune

WASHINGTON — President Bill Clinton's defenders made a final impassioned attempt Thursday to persuade the House Judiciary Committee to give "second thoughts" to impeachment of the president, but the House speaker, Newt Gingrich, alerted the chamber's 435 members to be ready to return by next Thursday for a historic vote.

"Impeachment is not a means to send a message to our children that the president is not above the law," the committee's Democratic counsel, Abbe Lowell, said in a two-hour closing argument. "There are better ways to do that," he said, alluding to efforts to pass a censure motion.

In a highly charged postscript to two days of defense arguments from Mr. Clinton's lawyers, both Mr. Lowell and his Republican counterpart, David Schippers, were making dramatic use of a previously secret videotape of Mr. Clinton's testimony Jan. 17 about his relationship with Monica Lewinsky, a former White House intern.

Mr. Schippers told the committee that Mr. Clinton had "repeatedly lied" and that he had the "sorrowful duty" to recommend that they seek to remove him from office. He also hinted, without elaborating, at other areas of potential wrongdoing. "A number of very promising leads had to be abandoned," he said. "We just ran out of time."

On Wednesday, the committee's Republican majority approved four draft articles of impeachment against Mr. Clinton. After lengthy debate, the committee will vote on them and the censure motion by Saturday.

Mr. Gingrich, in a benignly phrased "dear colleague" letter, said that the committee's final report would be available to the full House by Wednesday. "I am writing to inform you of the possibility that the House may need to be in session next week," Mr. Gingrich said, never using the word "impeachment."

It was the first time since 1974 and the Watergate hearings that articles had been drafted against a president. President Richard Nixon resigned before articles could be voted by the full House, something Mr. Clinton has insisted he will never do.

Away from Washington, in talk shows on television and radio, chatrooms on the Internet and in new opinion polls, the country, at first slow to focus on the drama in Washington, began to show signs of awakening to the reality that the House might vote in just a week to send the matter to the Senate for a trial, for only the second time in 130 years. Grass-roots organizations, both liberal and conservative, were pelting congressmen with e-mail and petitions. (Page 3)

Texts of resolutions to impeach or censure Clinton. Page 2.

The U.S. stock market and the dollar were also under pressure Thursday. Investors had put the threat of impeachment behind them after midterm elections in November, but now that the process was moving forward, they were worried.

The four articles of impeachment, all linked to Mr. Clinton's relationship with Ms. Lewinsky and his efforts to conceal it, said that Mr. Clinton had:

- "Provided perjurious, false and misleading testimony" before the grand jury investigating him.
- "Provided perjurious, false and misleading testimony" during his deposition Jan. 17 in the Paula Jones sexual harassment lawsuit against him.
- "Prevented, obstructed and impeded the administration of justice" and engaged in a "scheme designed to delay, impede, cover up and conceal the existence of evidence and testimony."

- "Willfully made false and misleading statements to members of his cabinet" in expectation that they would repeat them.
- "In all of this," the eight pages of the articles state, "William Jefferson Clinton has undermined the integrity of his office, has brought disrepute on the presidency, has betrayed his trust as president and has acted in a manner subversive of the rule of law and justice to the manifest injury of the people of the United States."

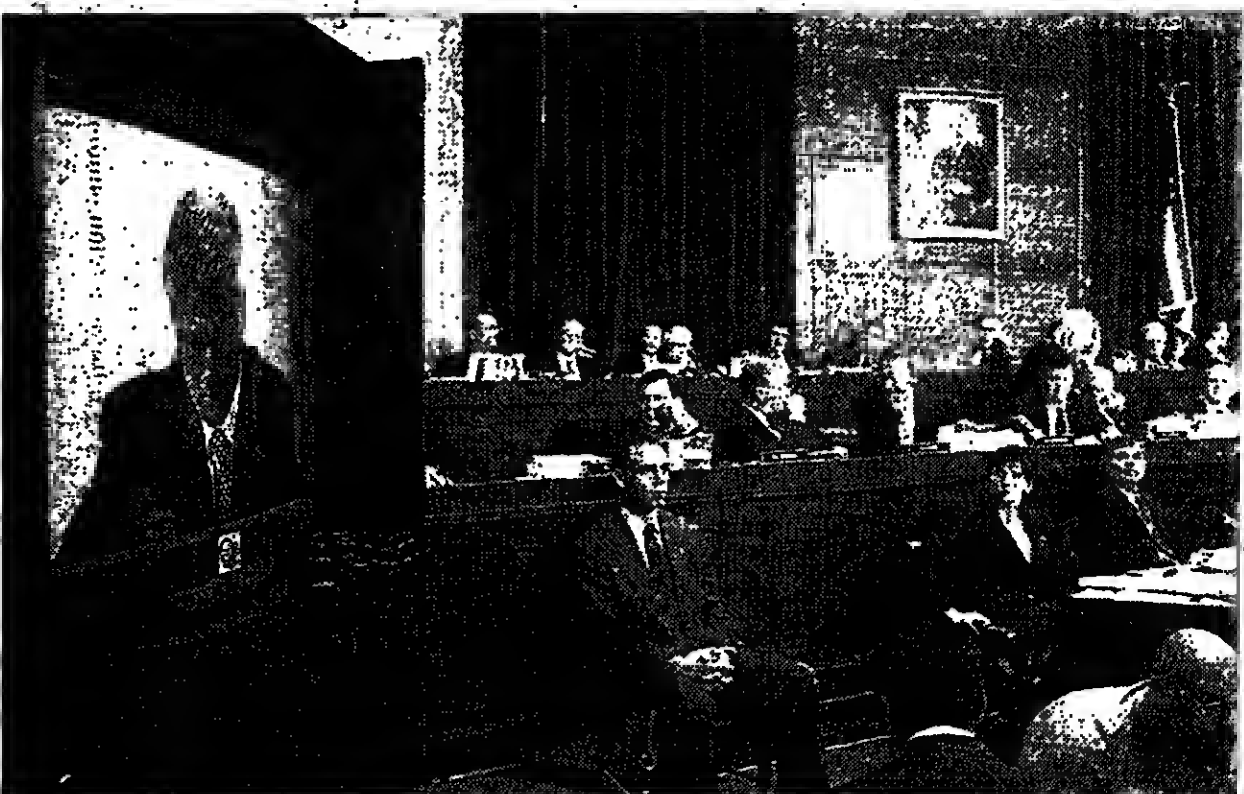
Each article contains the words, "William Jefferson Clinton ... warrants impeachment and trial, and removal from office and disqualification to hold and enjoy any office of honor, trust or profit under the United States."

Democrats on the committee responded with their own strongly worded motion, calling for Mr. Clinton's censure. They proposed language saying that Mr. Clinton "by his conduct has brought upon himself and fully deserves the censure and condemnation of the American people and the Congress; and by his signature on this joint resolution, the president acknowledges this censure." One of the four Democratic sponsors of the censure said punishment could also include a fine or an appearance by Mr. Clinton before Congress for admonishment.

The panel's chairman, Representative Henry Hyde, Republican of Illinois, said this would be voted on after the four articles.

Mr. Clinton's spokesman signaled on Wednesday and Thursday the president's willingness to accept such a censure. "We are open to any proposal that seeks to put this matter behind us that people in good faith bring forward that is fair," Joe Lockhart said. "I believe that the elements of the proposal

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Judiciary Committee members watching on Thursday a videotape of Mr. Clinton's Paula Jones deposition.

Madrid Redefines the Center-Right

Economic Openness Plus Social Services Make an Original Mix

By John Vinocur

International Herald Tribune

MADRID — On its very good days, Spain sees itself as a confident place, a stronger pace than its bigger partners to the east. Of Europe's participants in the new single currency, only Spain showed sufficient rigor this year, according to the European Commission, to use extra revenues from higher-than-expected growth to trim its deficit. In civics class terms, things can sound as if Spain had what most everybody seeks:

good management, rosy prospects. Does this mean that Spain is some kind of quiet hot-shot, a center-right government with a special edge-of-the-millennium insight making it more than just an intriguing contrast to the almost solid wall of left-of-center social democrats who will meet at a European Union summit meeting in Vienna on Friday and Saturday?

With an 18.7 percent unemployment rate a constant admonition to caution, nobody here ventures that far. But there is a claim to an original success. In the same way that Prime Minister Tony Blair's Labour government has skillfully placed its own rhetoric of social harmony and the structural reforms of its Conservative predecessors under a left-wing label, Prime Minister Jose Maria Aznar's coalition has been able to brand as distinctively center-right its own pairing of open markets and respect for what it says is the electorate's psychological need for elements of the old state-supported social services network.

In practical political terms, this combination has meant labor peace, little serious challenge from the Socialist opposition, and a level of business confidence that would be unusual among the EU's bigger hitters. All this has come in the context of getting a tighter hold on the economic requirements for monetary union, steps that allowed Spain to be part of the euro's first wave

affirm the move Monday in the presence of President Bill Clinton. Of those present from the 124-member central council, 81 voted in favor of a resolution approving a letter by Mr. Aznar to Mr. Clinton declaring the clauses revoked. Seven voted against the resolution, and seven others abstained, according to Salim Zannoun, head of the National Council. Delegates of PLO groups opposed to peace deals with Israel stayed away.

The charter clauses calling for Israel's destruction have not been valid since the first peace agreement with Israel was signed, in 1993, said Tayeb Abdel Rahim, secretary-general of the Palestinian Authority. Page 5.

AGENDA

PLO Moves to Void Anti-Israel Language

The Palestinian Central Council, a group of senior officials led by Yasser Arafat, voted overwhelmingly Thursday to declare null and void clauses of the Palestine Liberation Organization charter that call for the destruction of Israel.

The vote was an interim step. The Palestine National Council is to re-

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Hearing at the Capitol / Moving Toward a Vote

Starr Challenges Clinton's Rebuttal to House Committee as 'Misleading'

By Don Van Natta Jr.
New York Times Service

WASHINGTON — Kenneth Starr, the independent counsel, has challenged several assertions in the White House's 184-page defense brief, complaining that President Bill Clinton's rebuttal contains "a series of misrepresentations regarding this office's referral."

The sharply defensive two-page statement from Mr. Starr's office was unusual because it was made public at a critical moment in the impeachment debate. Before Wednesday, the Office of the Independent Counsel had refrained from responding to two previous White House rebuttals of its 445-page impeachment report, which was sent on Sept. 9 to the House of Representatives.

"In our view, Congress should be guided by the facts and the evidence," Mr. Starr's statement said. "That is why we submitted to Congress not only the referral, which organizes and summarizes that evidence, but several thousand pages of raw evidence itself. Indeed, every item of evidence in

the White House's submission came from our office."

James Kennedy, of the White House Counsel's Office, shot back Wednesday evening: "The so-called independent counsel, in a partisan effort to help Republicans who want to impeach the president, has actually highlighted the shallowness of his referral by finding so little fault with our 184-page submission. The independent counsel has done nothing to challenge our showing that he omitted reams of exculpatory evidence from his referral and misled the Congress about the facts."

Prosecutors in Mr. Starr's office were stung by what they said were mischaracterizations of fact in the White House's point-by-point defense brief, which was sent to the House Judiciary Committee on Tuesday night. On Wednesday night, prosecutors prepared additional public statements to challenge other statements they said were "misleading" in the White House rebuttal.

"The White House spent three months ana-

lyzing, dissecting and attacking the referral and all the attachments," said Charles Bakaly 3d, Mr. Starr's spokesman. "When they testify before Congress and we believe they are not being accurate or complete or they mischaracterize the referral, we will protect the integrity of the investigation."

But White House lawyers and the Democrats on the Judiciary Committee angrily objected to the statement, saying that prosecutors had improperly injected their view of the evidence into the middle of the committee's impeachment debate.

"It is stunningly inappropriate, if not professionally unethical, for Mr. Starr to meddle in the president's defense before the committee," said Jim Jordan, spokesman for the Democrats.

Samuel Dasb resigned as Mr. Starr's ethics adviser last month because he objected to Mr. Starr's decision to testify Nov. 19 before the committee and his appearing to be "an aggressive advocate" for the impeachment of Mr. Clinton. In his resignation letter, Mr. Dasb said Mr.

Starr had rejected his "strong advice" to decline the invitation to testify. Mr. Dasb declined Wednesday to comment.

When Mr. Dasb quit, Mr. Starr said that if he had declined the invitation to testify it would have suggested to the public that "we are unwilling to defend and stand by the referral."

In its statement Wednesday, Mr. Starr's office challenged what it said were several "misleading statements" in the White House rebuttal. It disputed the White House argument that Mr. Clinton did not lie when he denied having any memory of being alone with Monica Lewinsky.

But Mr. Starr's office said the White House omitted "a significant part of the quotation in which the president said that he had no 'specific recollection' about being alone with her, and even limited that theoretical possibility to when Ms. Lewinsky worked in the White House and brought him papers."

The second rebuttal disputed the White House contention that there was "no foundation in the record," other than Ms. Lewinsky's grand jury

testimony, to indicate that Mr. Clinton's gifts to Ms. Lewinsky were retrieved on Dec. 28, 1997, the same day as her last meeting at the White House with the president.

"That is false," the statement said. "Mr. Starr's prosecutors say that the White House ignored this piece of corroborative evidence: Cell-phone records from Betty Currie, Mr. Clinton's personal secretary, show that Mrs. Currie called Ms. Lewinsky on Dec. 28 at 3:32 P.M., the statement says."

Finally, Mr. Starr's prosecutors said that the White House "falsely contends" that Mr. Clinton and Ms. Lewinsky "discussed" what should be done with the gifts. The White House rebuttal cites Ms. Lewinsky's testimony that the president "didn't really discuss it."

"Actually," Mr. Starr's prosecutors said, "Ms. Lewinsky's words 'he didn't really discuss it' came in response to a second, more specific question, after Ms. Lewinsky had spent several hundred words recounting her conversation with the president about the gifts."

Texts of the Impeachment and Censure Resolutions

New York Times Service

Following are the texts of a working draft of the House Judiciary Committee's resolution to impeach President Bill Clinton and a resolution to censure Mr. Clinton, as provided by the committee:

IMPEACHMENT RESOLUTION

Resolved, that William Jefferson Clinton, president of the United States, is impeached for high crimes and misdemeanors, and that the following articles of impeachment be exhibited to the United States Senate:

Articles of impeachment exhibited by the House of Representatives of the United States of America in the name of itself and of the people of the United States of America, against William Jefferson Clinton, president of the United States of America, in maintenance and support of its impeachment against him for high crimes and misdemeanors.

ARTICLE I

In his conduct while President of the United States, William Jefferson Clinton, in violation of his constitutional oath faithfully to execute the office of president of the United States and, to the best of his ability, preserve, protect and defend the Constitution of the United States, and in violation of his constitutional duty to take care that the laws be faithfully executed, has willfully corrupted and manipulated the judicial process of the United States for his personal gain and exonerated, impeding the administration of justice, in that:

(1) On Dec. 23, 1997, William Jefferson Clinton, in sworn answers to written questions asked as part of a federal civil rights action brought against him, willfully provided perjurious, false and misleading testimony in response to questions deemed relevant by a federal judge concerning conduct and proposed conduct with subordinate employees.

(2) On Jan. 17, 1998, William Jefferson Clinton swore under oath to tell the truth, the whole truth and nothing but the truth in a deposition given as part of a federal civil rights action brought against him. Contrary to that oath, William Jefferson Clinton willfully provided perjurious, false and misleading testimony in response to questions deemed relevant by a federal judge concerning the nature and details of his relationship with a subordinate government employee and his corrupt efforts to influence the testimony of that employee.

In all of this, William Jefferson Clinton has undermined the integrity of his office, has brought disrepute to the presidency, has betrayed his trust as president and has acted in a manner subversive of the rule of law and justice, to the manifest injury of the people of the United States.

Wherefore, William Jefferson Clinton, by such conduct, warrants impeachment and trial, and removal from office and disqualification to hold and enjoy any office of honor, trust or profit under the United States.

ARTICLE II

In his conduct while president of the United States, William Jefferson Clinton, in violation of his constitutional oath faithfully to execute the office of president of the United States and, to the best of his ability, preserve, protect and defend the Constitution of the United States, and in violation of his constitutional duty to take care that the laws be faithfully executed, has willfully corrupted and manipulated the judicial process of the United States for his personal gain and exonerated, impeding the administration of justice, in that:

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ARTICLE III

In his conduct while president of the United States, William Jefferson Clinton, in violation of his constitutional oath faithfully to execute the office of president of the United States and, to the best of his ability, preserve, protect and defend the Constitution of the United States, and in violation of his constitutional duty to take care that the laws be faithfully executed, has willfully corrupted and manipulated the judicial process of the United States for his personal gain and exonerated, impeding the administration of justice, in that:

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Wherefore, William Jefferson Clinton, by such conduct, warrants impeachment and trial, and removal from office and disqualification to hold and enjoy any office of honor, trust or profit under the United States.

States, and in violation of his constitutional duty to take care that the laws be faithfully executed, has prevented, obstructed and impeded the administration of justice, and has to that end engaged personally and through his subordinates and agents, in a course of conduct or scheme designed to delay, impede, cover up and conceal the existence of evidence and testimony related to a federal civil rights action brought against him in a duly instituted judicial proceeding.

The means used to implement this course of conduct or scheme included one or more of the following acts:

(1) On or about Dec. 17, 1997, William Jefferson Clinton corruptly encouraged a witness in a federal civil rights action brought against him to execute a sworn affidavit in that proceeding that he knew to be perjurious, false and misleading.

(2) On or about Dec. 17, 1997, William Jefferson Clinton corruptly encouraged a witness in a federal civil rights action brought against him to give perjurious, false and misleading testimony if and when called to testify personally in that proceeding.

(3) On or about Dec. 28, 1997, William Jefferson Clinton corruptly engaged in, encouraged or supported a scheme to conceal evidence that had been subpoenaed in a federal civil rights action brought against him.

(4) Beginning on or about Dec. 7, 1997, and continuing through and including Jan. 14, 1998, William Jefferson Clinton intensified and succeeded in an effort to secure job assistance to a witness to a federal civil rights action brought against him in order to corruptly prevent the truthful testimony of that witness in that proceeding at a time when the truthful testimony of that witness would have been harmful to him.

(5) On Jan. 17, 1998, at his deposition in a federal civil rights action brought against him, William Jefferson Clinton corruptly allowed his attorney to make false and misleading statements to a federal judge characterizing an affidavit, in order to prevent questioning deemed relevant by the judge. Such false and misleading statements were subsequently acknowledged by his attorney in a communication to that judge.

(6) On or about Jan. 18 and Jan. 20, 1998, William Jefferson Clinton related a false and misleading account of events relevant to a federal civil rights action brought against him to a potential witness in that proceeding, in order to corruptly influence the testimony of that witness.

(7) On or about Jan. 21, 23 and 26,

1998, William Jefferson Clinton made false and misleading statements to potential witnesses in a federal grand jury proceeding in order to corruptly influence the testimony of those witnesses. The false and misleading statements made by William Jefferson Clinton were repeated by the witnesses to the grand jury, causing the grand jury to receive false and misleading information.

In all of this, William Jefferson Clinton has undermined the integrity of his office, has brought disrepute to the presidency, has betrayed his trust as president and has acted in a manner subversive of the rule of law and justice, to the manifest injury of the people of the United States.

Wherefore, William Jefferson Clinton, by such conduct, warrants impeachment and trial, and removal from office and disqualification to hold and enjoy any office of honor, trust or profit under the United States.

ARTICLE IV

Using the powers and influence of the office of president of the United States, William Jefferson Clinton, in violation of his constitutional oath faithfully to execute the office of president of the United States and, to the best of his ability, preserve, protect and defend the Constitution of the United States, and in disregard of his constitutional duty to take care that the laws be faithfully executed, has repeatedly engaged in conduct that resulted in misuse and abuse of his high office, impaired the due and proper administration of justice and the conduct of lawful inquiries, and contravened the laws governing the integrity of the judicial and legislative branches and the truth-seeking purpose of co-ordinate investigative proceedings.

This misuse and abuse of office has included one or more of the following:

(1) As president, using the attributes of office, William Jefferson Clinton willfully made false and misleading public statements for the purpose of deceiving the people of the United States in order to continue concealing his misconduct and to escape accountability for such misconduct.

(2) As president, using the attributes of office, William Jefferson Clinton willfully made false and misleading statements to members of his cabinet and White House aides, so that these federal employees would repeat such false and misleading statements publicly, thereby utilizing public resources for the purpose of deceiving the people of the United States, in order to continue concealing his misconduct and to es-



Representative Tom Barrett displaying the impeachment resolution.

cape accountability for such misconduct. The false and misleading statements made by William Jefferson Clinton to members of his cabinet and White House aides were repeated by those members and aides, causing the people of the United States to receive false and misleading information from high government officials.

(3) As president, using the office of White House counsel, William Jefferson Clinton frivolously and corruptly asserted executive privilege, which is intended to protect from disclosure communications regarding the constitutional functions of the executive, and which may be exercised only by the president, with respect to communications other than those regarding the constitutional functions of the executive, for the purpose of delaying and obstructing a federal criminal investigation of the truth and William Jefferson Clinton has egregiously failed in this obligation, and through his actions has violated the trust of the American people, lessened their esteem for the office of president and dishonored the office which they have entrusted to him.

Be it resolved that:

1. The president made false statements concerning his reprehensible conduct with a subordinate.

2. The president wrongly took steps to delay discovery of the truth.

3. No person is above the law, and the president remains subject to criminal and civil penalties for this conduct.

4. William Jefferson Clinton, the president of the United States, by his conduct has brought upon himself and fully deserves the censure and condemnation of the American people and the Congress, and by his signature on this joint resolution, the president acknowledges this censure.

Wherefore, William Jefferson Clinton, by such conduct, warrants impeachment and trial, and removal from office and disqualification to hold and enjoy any office of honor, trust or profit under the United States.

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Correction

An article Thursday by the International Herald Tribune on a defense industry realignment in France contained a number of inaccuracies. The incorrect headline was a product of the errors contained in the body of the article. The article incorrectly reported changes in the satellite manufacturing industry in France and the ownership of Matra Marconi Space, a French-British joint venture. Matra Marconi Space will remain a joint company of Matra Hautes Technologies and GEC.

Contrary to what was reported, there will be two industrial groups in France with satellite-making capabilities, Alcatel Space and Matra Marconi Space.

A joint press release issued Wednesday by four French defense companies said, "Alcatel and Thomson-CSF are pleased to note that the French government accords Alcatel Space an eminent role in military satellite programs."

A Matra Marconi Space spokesman said Thursday that the company, which is a major contractor for French and British military satellite programs, intends to expand its space business with European partners soon.

The International Herald Tribune regrets the errors.

Heavy Snow Snarls Flights at Frankfurt and Road Traffic in Much of Germany

Compiled by Our Staff From European

FRANKFURT — Heavy snow disrupted air travel Thursday morning at Frankfurt International Airport, Continental Europe's biggest, with international delays and a quarter of domestic and European flights canceled.

The situation improved later as snowfall eased, and all three runways were operating normally by midday, said Horst Aussem, an airport duty officer.

He said the closure of one runway alone during the morning had caused the cancellation of 170

arrivals and departures at the airport, the hub for Germany's national carrier Lufthansa.

Long international flights outside Europe were given priority during the worst of the weather, although there were delays, a Lufthansa spokesman, Michael Lamberty, said.

Schedules will not return to normal until the weather improves, and forecasts for more snow and icy rain in Frankfurt suggested the situation could worsen ahead of the weekend, Mr. Lamberty said.

Frankfurt is Europe's biggest airport after London's Heathrow Airport.

Stuttgart and Munich airports also were affected by unseasonably early and heavy snow.

Stuttgart Airport canceled flights and experienced delays Thursday morning, but it was running normally by midday, said a spokesman.

Dozens of accidents and traffic jams were reported on autobahns, mainly in the central state of Hesse and southern state of Bavaria.

A police spokeswoman in Hesse, where Frankfurt is located, said the police had closed several autobahn routes that were either the scenes of accidents

lined with abandoned vehicles.

She said they had registered 56 accidents during the day. Traffic crawled or came to a standstill along many routes.

In the Bavarian city of Wolfratshausen, a car slid into an oncoming bus, killing the car's driver.

On the A3 autobahn near Niederrhausen, a truck driver was seriously injured when two trucks collided early Thursday, creating a traffic jam that stretched as long as 15 kilometers (9 miles) before it broke up hours later.

(AP, Reuters)

TRAVEL UPDATE

Paris Museum Strike

PARIS (AFP) — Art lovers were promised free entrance Friday to the Musée d'Orsay to offset the closing of two other major Paris museums, the Grand Palais and the Louvre, union officials said.

The Louvre has been closed since Wednesday by a strike. At the Grand Palais, workers voted Thursday to continue a strike over wages that also began Wednesday.

French Rail Strike Eases

PARIS (AFP) — A two-week French

rail service strike eased Thursday as some ticket inspectors returned to work, but disruptions continued on many lines outside the Paris region.

Controllers in 11 of 23 regions voted Wednesday to continue the strike.

Service was expected to be normal Friday on high-speed TGV links between France and northern Europe, Switzerland and Italy and on regular national high-speed routes.

THE AMERICAS

As House Debates, Main Street Joins In - Loudly

By Rick Lyman
New York Times Service

HOUSTON — On one level, the battle over the impeachment of William Jefferson Clinton is being played out in the House Judiciary Committee hearing room and in other Washington power alleys. But it is also being fought at a grass-roots level all over the country, both with those who fervently want the president impeached and those who just as fervently want him left alone trying to find ways to give weight to their wishes.

Some of these people are egged on by conservative and liberal lobbying groups, but a great deal of the energy is arising unaided.

Dana Hunter, 24, a freelance Web-page designer in California's Silicon Valley, started her own anti-impeachment Web site.

"I'm doing a lot of Web advertising," Ms. Hunter said. "I'm saying, start harassing your representatives. I'm saying, let your guy know. Basically, we're just trying to be loud."

Ms. Hunter said she knew of 30 other anti-impeachment Web sites.

But the other side can roll out the numbers, too.

"Since December of 1997 we've placed 187,000 phone calls, and we're still calling at the rate of 500 a day," said Howard Phillips, chairman of the Conservative Caucus. "We're spending most of our time, every day, on this. Since this thing began, we've sent out \$12,000 letters urging action in various forms. Our message is that this is a vote about crime, that Clinton has committed crimes and if members of Congress are anti-crime they must vote to impeach."

At the other end of the political spectrum, People for the American Way and other groups opposed to impeachment are working to get hundreds of thousands of voters to call their representatives and demand that they "censure and move on," as one Internet group put

it on a petition that has drawn more than 350,000 signatures.

"This is really more of a grass-roots phenomenon than it is a Beltway phenomenon," said Mike Lux, People for the American Way's political director.

"Most lobbying groups, whichever side they come down on, don't want to tick off Congresspeople who are then going to vote against them in another way on another issue. But our sense is that among the grass-roots groups, the neighborhood groups, there is real vitality and interest in this out there in the real world."

Most congressional offices have received a relatively heavy — and steady — flow of faxes, phone calls and e-mails all year on the impeachment issue.

In recent weeks, members of Congress who have taken strong positions — like Representative Peter King, Republican of New York, who told reporters last week that he would oppose impeachment — say they have become targets for angry messages from across the country.

Move On, the group circulating the Internet petition, has also arranged with another company for three days of toll-free calls that began early Wednesday morning. So it is contacting all the signatories and asking them to use the free phone time to be connected to their representatives.

As of late Wednesday afternoon, a spokesperson for the group said, 17,000 people had already used the service.

Wes Boyd, a software designer in Berkeley, California, said he founded Move On in late September, when he became concerned that the impeachment saga would play out into the new year.

He said that he had been astonished when the Web site received about 100,000 signatures on its petition in the first week.

For the most part, Mr. Boyd has stopped his other work to devote his time to the anti-impeachment fight.

He was also active in getting out the vote on Nov. 3.

"Then, it seemed like it was over," he said. "But we knew it wasn't really over, so we kind of laid low for a while. Until this week, really. You can't get people excited until they're feeling it."

Besides the toll-free calls, Mr. Boyd said, Move On forwarded 80,000 e-mails to members of Congress between Tuesday and Wednesday afternoons.

The Conservative Caucus is far from being the only group rousing support for impeachment. The Family Research Council, Human Events magazine, American Renewal and other organizations are also cheering anti-Clintonites on.

One of the busiest pro-impeachment Web sites belongs to a group called Free Republic, whose self-described "freepers" keep in touch about planned forums, protests and letter-writing campaigns attacking the president.

The most conservative talk radio programs have also beaten the drums for impeachment more loudly as the vote has drawn nearer.

"There has been an intensification and doggedness on the part of these right-wing Republican hosts to hang in there and continue to criticize the process," said Michael Harrison, editor of Talkers magazine, which focuses on the talk radio industry. "They criticize the president and they criticize the American public for not caring. I call it the 'you people' approach, as in 'you people don't realize.'"

One of the biggest problems anti-impeachment organizers have faced is that many people assumed, after the Nov. 3 elections and the fall of Newt Gingrich, that the push for impeachment was over.

"People have commented that there seems to be a lot of silence out there," said Nancy Coleman, the spokeswoman for People for the American Way. "I think there's a lot of disbelief out there about this. But with these hearings on again, I think it's beginning to sink in to people that it's really happening."

POLITICAL NOTES

'96 Campaigns Need Not Repay Taxpayers, Commission Decides

WASHINGTON — The Federal Election Commission on Thursday unanimously refused to order the campaigns of President Bill Clinton and Bob Dole to pay back millions of dollars in taxpayer funds for violating spending limits.

The commissioners voted, 6 to 0, against their auditors' recommendation that the campaigns repay millions because they illegally coordinated advertising run by the Democratic and Republican parties, causing their 1996 presidential campaigns to exceed spending limits.

Lee Ann Elliott, a Republican commissioner, said party "issue ads" should not be considered campaign spending if they do not specifically urge people to vote.

Other issues remain before the commission, including whether the Dole campaign overcharged the press and Secret Service for flights on campaign planes. (AP)

N.Y. Property Tycoon Indicted

NEW YORK — The tycoon who offered Paula Jones \$1 million to settle her sexual harassment suit against President

Bill Clinton was indicted on charges of hiring someone to kill his former business partner, the Manhattan district attorney's office said Thursday.

Abe Hirschfeld was arrested late Wednesday at his Fifth Avenue home. The specific charges were not made public. He was being held under a sealed indictment, said a police spokesman, Dennis Cirillo.

The charges stem from an alleged murder-for-hire scheme against Mr. Hirschfeld's former partner, the real estate developer Stanley Stahl.

Mr. Hirschfeld said two people had tried to frame him by calling him and asking him to pay for Mr. Stahl's killing.

Mr. Hirschfeld and Mr. Stahl had a falling out after their real estate partnership went bad. They had been in litigation over the deals, but settled in an out-of-court agreement in February. (AP)

Quote/Unquote

Joe Lockhart, the White House press secretary, as draft articles of impeachment were issued even before the White House had completed its defense of President Clinton to the House Judiciary Committee: "Somewhere in Australia, a million kangaroos are embarrassed by the name that is giving their court system." (NYT)



Representative Barney Frank, a Massachusetts Democrat, arriving late for the House impeachment hearing Thursday and still doing up his tie.

A Cloud Over U.S.-Venezuela Relations

Clinton Warns President-Elect Chavez Against Undemocratic Measures

By Douglas Farah
Washington Post Service

WASHINGTON — The Clinton administration, in the awkward position of supporting an elected head of state in Venezuela who has shown little commitment to democracy and free markets, is warning President-elect Hugo Chavez that relations will sour if he implements promised radical political or economic measures, U.S. officials said.

In a letter Monday congratulating Mr. Chavez, a populist who led a failed military coup in 1992, President Bill Clinton acknowledged that the political and economic reforms Mr. Chavez promised during his campaign "will be difficult," but expressed confidence that the challenges "can be dealt with in a democratic manner," according to a U.S. official familiar with the letter.

While publicly pledging to work closely with Mr. Chavez, senior U.S. officials said they had laid out specific concerns to the incoming administration. They said they had warned Mr. Chavez and his advisers that any breakdown in democratic rule or the adoption of radical economic measures would quickly cause a U.S. reassessment of a traditionally strong relationship.

At the same time, however, U.S. officials acknowledge that Mr. Chavez won 57 percent of the vote by promising

radical change in a country of great oil wealth but also of widespread official corruption.

"Chavez was elected to bring change in a country where 50 percent of the people live in poverty, where the governing elites haven't done squat, and the change is appropriate," a U.S. official said. "We understand that. Our concern is that the change be carried out in a democratic, constitutional manner."

Venezuela is the single largest supplier of U.S. oil, selling 1.36 million barrels a day, or 17 percent of the total American consumption needs. It also has the largest petroleum reserves outside the Middle East and the fourth-largest economy in Latin America, making stability in Venezuela a strategic U.S. interest, officials said.

One key concern among U.S. officials is whether Mr. Chavez will carry out a campaign promise to dissolve congress and replace it with a constitutional assembly made up largely of his supporters.

Several U.S. administration officials said they feared Mr. Chavez would attempt to use his broad support for fighting corruption to assume near dictatorial powers, curtailing freedom of expression and the independence of the courts, as President Alberto Fujimori of Peru did in a "self-coup" in 1992.

"Fundamental to our policy is that the

whole relationship must be based on a mutual commitment to democracy," the administration official said.

U.S. officials said the Clinton administration was also concerned that Mr. Chavez would honor promises to stop payments on Venezuela's \$22 billion foreign debt, and reverse key privatization initiatives in the state's petroleum industry. In addition to driving foreign investment from Venezuela, officials fear, such moves could have repercussions across Latin America.

U.S. officials admit they know little about Mr. Chavez or what he will do. Because of his staunchly anti-American rhetoric and the U.S. condemnation of his coup attempt, U.S. officials have had little contact with him until recent weeks, when it became clear he would win the elections.

Mr. Chavez was jailed for two years after the coup attempt, before being pardoned by his predecessor, Rafael Caldera. He was denied a U.S. visa when he applied to enter the country in 1996.

To avoid further inflaming relations, U.S. officials have made conciliatory statements in recent days and played down the issue of Mr. Chavez's not being granted a U.S. visa. A State Department spokesman, James Foley, said the United States was "prepared to take the necessary steps to address any visa request" by Mr. Chavez.

CLINTON: Defenders Make a Final Plea to Avert Impeachment

Continued from Page 1

Democrats brought forward meets those criteria."

The 21 Republicans on the panel are expected to vote Friday or Saturday to send one or more articles to the House, over the vigorous objections of the 16 Democrats.

Debate began Thursday, though minds on both sides of the highly partisan committee have been made up, by all signs, for some time.

With Mr. Clinton's political legacy at stake, however, the president was considering making phone calls to perhaps two dozen undecided legislators to seek their support, Mr. Lockhart said.

He did not indicate when such calls might be made or what exactly the president would say.

The House Democratic leader, Richard Gephardt of Missouri, was personally calling 31 Democrats who had voted with Republicans this year to authorize an open-ended impeachment inquiry, sources told The Associated Press.

Mr. Lockhart did not say whether Mr. Clinton might delay his planned departure for the Middle East to focus on the impeachment drama or remain early.

Mr. Clinton has attempted, throughout the 11-month personal and national ordeal, to show himself as devoted to the public's business. But concern has become acute in the White House, aides acknowledge.

On Thursday, Mr. Lowell, the Judiciary Committee's Democratic counsel, presented an emotional summation. He attacked the Republicans' draft articles point by point, questioned Ms. Lewinsky's credibility and sought to batter the case laid out by the independent counsel, Kenneth Starr, in his 455-page referral to Congress.

"We should be doing better than filing charges that would be thrown out for

Retired U.S. General Faces Sex Charges

The Associated Press

WASHINGTON — The U.S. Army has charged retired Major General David Hale with having improper sexual relationships with the wives of four military officers and attempting to obstruct an investigation.

General Hale retired under honorable conditions in February, after serving only four months as deputy inspector general in the Pentagon. He has been charged with making false statements to army officials and investigators, conducting improper relationships with the wives of four military officers and obstruction of justice.

General Hale has refused to comment publicly, although he denied the allegations to an inspector general.

The general heading the case has moved to begin an Article 32 investigation, the army said in a statement. That is the military equivalent of a grand jury proceeding.

"vagueness in every court in the land," he said.

The committee began its deliberations Thursday with a closed-door debate on whether Republicans, as they sought, could be allowed to make use of the videotape of Mr. Clinton's deposition Jan. 17 in Mrs. Jones's sexual harassment suit. The majority Republicans carried the vote.

But Mr. Lowell galvanized the proceedings by preemptively showing excerpts from the tape in his presentation.

Saying that White House lawyers had

been faulted for not calling witnesses before the committee to dispute the facts asserted in the Starr report, Mr. Lowell turned dramatically to the panel and said, "I now call to the stand Monica Lewinsky, Betty Currie, Linda Tripp, Vernon Jordan and the president of the United States."

He showed not only the Jones tape but also other tapes — including from Mr. Starr's appearance before the committee — to attack each of the draft articles.

The tape of Mr. Clinton's deposition in the Jones case shows him sitting, with a somber expression, as attorneys argue for nearly 10 minutes over a proper definition of sexual relations.

A Clinton lawyer tells Judge Susan Webber Wright, who presided, that the proposed wording could apply to "a completely innocent shake of the hand."

Mrs. Jones's attorney says that, "to eliminate confusion, I have narrowed subpart 1 to a particular section which would be covered by rule 413."

Judge Wright says, "I'm not sure Mr. Clinton knows all these definitions anyway."

Mr. Lowell's point, made repeatedly by Mr. Clinton's own lawyers, is that his alleged perjury about whether he had had sexual relations with Ms. Lewinsky could be explained as understandable confusion in a chaotic setting.

Mr. Lowell also used his media show to cast doubt on Ms. Lewinsky's credibility, more harshly than the White House has done. He played a tape of Ms. Lewinsky telling her former friend, Ms. Tripp, that she was "brought up with lies all the time."

This followed tough language about Mr. Lewinsky's stability and credibility in the committee Democrats' 13-page rebuttal to the articles of impeachment.

The rebuttal charged that Ms. Lewinsky was "not always truthful."

Away From Politics

• Nineteen bus drivers who transport special-education students in the District of Columbia were fired after school administrators discovered that some drivers had drunkenly driven, or had exhibited other behavior that could be dangerous to children, officials said. (WP)

• Reflecting a growing earnings gap, people who have bachelor's degrees now earn 76 percent more than those with only a high school education, according to Census Bureau data. (WP)

• A Vietnamese immigrant convicted in 1982 of killing his estranged wife and two young children who were her relatives was executed by injection Thursday, his 39th birthday. (AP)

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Will Europeans accept an ever more integrated Europe? Or will nationalism prevail? What kind of future for Europe is being shaped by the cultural, social, political and economic forces emerging today? How will European governments and businesses, and people in their everyday lives, manage the changes?

To answer these questions and more, Time Warner is launching, for the entire month of December, its first-ever integrated, cross-media, pan-European editorial programme: Visions of Europe. It will include an entire special issue of TIME Magazine, out December 12th. An extensive feature in FORTUNE Magazine in its December year-end issue. Dedicated programming for one week, 7-12th December on CNN International. And a visionary website by Time Inc. New Media, www.visionsofeurope.com. Join us this December to see, read, hear and download a forward-looking vision on the future of Europe.

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INTERNATIONAL

UN Human Rights Awards Recognize Individuals Working at Grass Roots

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — Over the last quarter-century, the United Nations has given its highest recognition for human rights work to the greatest names and institutions that shaped the movement. Eleanor Roosevelt, who steered this organization into human rights work, won one of the first awards, posthumously, in 1968. Other towering names and institutions followed. Among them were the International Committee of the Red Cross, Amnesty International and Martin Luther King Jr. in 1978 and Nelson Mandela in 1985.

On Thursday, marking the 50th anniversary of the Universal Declaration of Human Rights, the men and women

who stepped up to receive their awards from Secretary-General Kofi Annan were a very different group. Except for one — Jimmy Carter, who did not attend the celebration because he has been involved in monitoring a presidential election in Venezuela — all the winners this year are internationally unknown individuals who have learned to wage often lonely battles for the rights of ordinary people at the grass roots.

"This is a sea change for the UN," said Felice Gaer, director of the Jacob Blaustein Institute for the Advancement of Human Rights in New York.

Measured in hundreds of thousands of small organizations — local women's groups, student-led voting drives, campaigns against child labor or for better environmental protection of villages and

neighborhoods around the world — the human rights movement has changed profoundly in 50 years.

Institutions and international covenants against a range of abuses are in place and being tested. The laptop, the Internet and the fax machine have created once-unthinkable networks for sharing strategies, sources of help and the power of example. International conferences bring them together.

"We are encouraged by this high office acknowledging what we are doing," said Angelina Acheng Aiyam of Uganda, a nurse-midwife in a local clinic who received one of the awards this year. "It gives us strength."

Miss Aiyam was recognized for trying to stop the abduction, forced recruitment and sexual abuse of African

children by the Lord's Resistance Army and other forces in a region engulfed by guerrilla wars. Among the thousands missing in northern Uganda is her daughter, Charlotte, who was seized two years ago at age 14.

"I found myself in the middle of it," Miss Aiyam said Wednesday, explaining how she came to be among a few who spoke up for the rights of thousands of Ugandan families. "We made up our minds to rise up. When we found that many other parents were scared of repercussions, we decided to shout for them."

Other winners this year were Sunila Abeysekera of Sri Lanka, who has worked to safeguard democracy and women's rights in the face of civil war; Jose Gregori of Brazil, a former student

activist against the military who now, under a democratic government, heads the National Secretariat for Human Rights; and Anna Sabatova of the Czech Republic, who was once sent to jail for urging people to vote and later became a founder of Charter 77, a civic-action organization that led a democratic resistance to communism.

Miss Sabatova took the opportunity of a news conference Thursday to keep her gadfly reputation alive. She criticized the present Czech Republic government under President Václav Havel for what she sees as inattention to minority rights, police behavior and prison conditions.

If the roots of the human rights movement worldwide reach deeper into the population of most countries today, they are also broadening into new areas of

concern. Under Mary Robinson, the U.N. high commissioner for human rights, the long-controversial question of whether human rights should include better economic and social conditions has been revived.

During the Cold War, the Soviet Union and other communist governments made the case for economic and social rights like health and education at the expense of political liberties. The argument still has resonance in some developing countries, particularly in Asia. Western nations, especially the United States, instead emphasize individual rights and broad political liberties.

Mrs. Robinson, a former human rights lawyer who was president of Ireland, said in recent interviews that this created an artificial divide that needs to be bridged.

It's Light On
As 6 Enter
Space Station

The Associated Press

HOUSTON — Endeavour's astronauts crossed a new threshold into the international space station Thursday, turning on the lights and preparing the outpost for future assembly crews.

The shuttle commander, Robert Cabana, and the Russian cosmonaut Sergei Krikalev floated side by side into Unity, the American-made module of the seven-story station, after opening a series of hatches leading from the shuttle Endeavour. They carried lanterns to see inside; the cylindrical chamber was pitch-black, so their first official act was to flip on the lights.

The six crew members took in cameras to provide the first transmission back to Earth of the inside of the orbiting space station.

"This is a very significant and almost momentous event," said NASA's lead flight director, Bob Castle.

It was slow going to get through the three hatches leading from Endeavour into Unity. The astronauts, carrying checklists and wrenches, made sure the air pressure was constant from one area to the next before moving on.

The five Americans and the Russian had much to do inside, beginning with the routing of air ducts from Endeavour into Unity.

Mr. Cabana and the astronaut Jerry Ross had to wire up a communications system inside Unity. The others were to continue on into the Russian-built Zarya control module, where Mr. Krikalev was to replace a charging component on a faulty battery. Other duties include transferring tools from the shuttle to the space station for later use.

The astronauts will even leave behind clothes for the first permanent station crew, scheduled to arrive in January 2000.



Jim Newman and Colonel Jerry Ross installing a communications system to the space station module Unity. The astronauts accomplished all of their tasks, including unsticking a rolled-up antenna.

The work will continue through Friday, when the astronauts will exit the space station and close the hatches to prepare for their return to Earth on Tuesday.

On Wednesday, in preparation for their journey inside the station, Mr. Ross and the astronaut James Newman ventured out on a seven-hour spacewalk and attached two 100-pound (45-kilogram) antennas to the outside of Unity. The antennas are part of the com-

munications system to be wired up. Once activated, the system will provide a direct, virtually uninterrupted communication link between Unity and Mission Control. Otherwise, U.S. flight controllers would have to rely on the sporadic coverage provided by Russian ground stations.

In a tense and meticulously planned operation, Newman also pried open a stuck antenna on Zarya.

EU:
Bonn Issues Warning

Continued from Page 1

billion Deutsche marks (\$13 billion) more than it receives back in agricultural support funds and structural funding, mostly to prop up its backward, formerly Communist Eastern Länder. The EU budget totaled nearly 86 billion euros (\$100.5 billion) this year, and is scheduled to remain at about the same level in 1999.

Mr. Schroeder said countries with a higher standard of living than Germany, like Luxembourg, Denmark and Belgium, were actually net recipients from the EU budget, and he warned that if this state of affairs continued, "the people in our nation will rather move away from Europe than support it."

But for reform to become a possibility, other nations will have to accept substantial sacrifices to accommodate German demands, and so far they have shown no willingness to do so.

France, the biggest beneficiary of EU farm support, which accounts for half of all EU spending, has rejected the idea that it should pick up a greater proportion of the bill for subsidizing its farmers.

Prime Minister Jose Maria Aznar of Spain made it clear that he was going to the summit meeting in no mood to cede any part of the aid that his government receives under the EU's "cohesion" funding, designed to help poorer areas of the community catch up with the richer, Ireland, Portugal and Greece also receive multibillion-dollar aid under the cohesion system, as well as structural funding for regions suffering from very high unemployment and social problems.

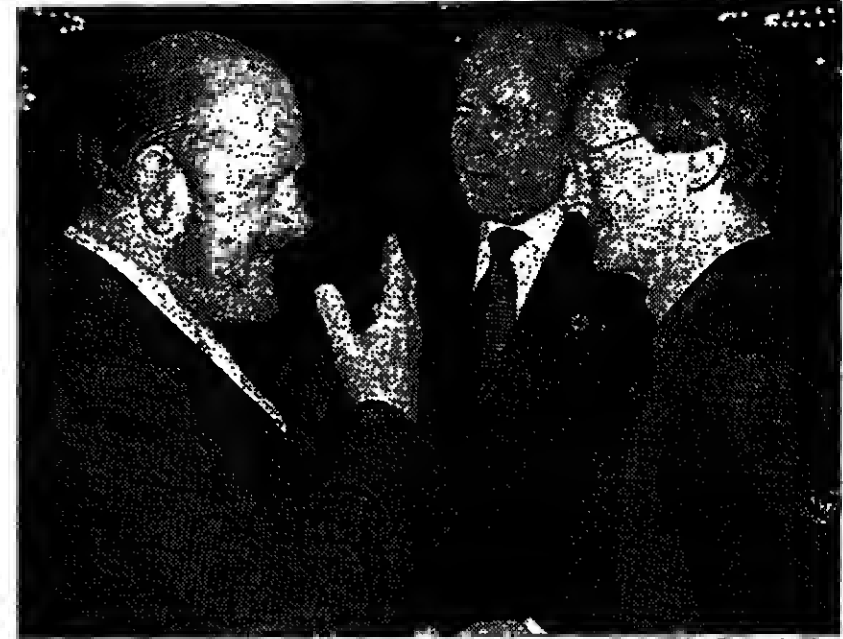
Mr. Aznar said that changing the current system would cause irreparable damage to the principle of solidarity on which the EU is based. Spain also opposes proposals by the richer countries to maintain EU spending at its current level because even with currently low inflation, this would slowly whittle away the amount available to help poorer regions.

The 11 countries awaiting membership of the EU, of which six are described as front-runners, will also require major help to bring them up to the EU level.

Germany plays the pivotal role in the search for financial reform because on Jan. 1 it will assume the rotating presidency of the EU. Mr. Schroeder said the central theme of Germany's term in office would be the fight against unemployment. He and President Jacques Chirac of France earlier this week signed a joint letter saying that the Union should commit itself to "hindering and verifiable goals for job creation policies."

At their meeting, the leaders were scheduled to review the progress made on the unemployment front since the EU summit talks in Luxembourg a year ago. Countries agreed to submit their national employment plans for peer review in the expectation that some of the most promising methods would find acceptance across the Union.

EU officials said the leaders would convey an optimistic picture of Europe's economic prospects on the eve of the introduction of a single currency by 11 nations. That optimism was fueled by the recent cut in interest rates and by figures released Thursday showing a modest third-quarter gain of 0.6 percent above the second quarter.



Three presidents, from left: Jose-Maria Gil Robles of the European Parliament, Jacques Santer of the European Commission, and Wolfgang Schuessel of the European Council, in Vienna on Thursday.

SPAIN: Aznar Redefines the Center-Right

Continued from Page 1

and to bring down interest rates by five basis points, a swig of elixir for entrepreneurs.

Since Mr. Aznar came to power in 1996, Spain has also proceeded without any great upheaval through the privatization of the telecommunications, steel, petroleum, and utility sectors. At the same time, although its pension and health care costs are expanding to a level of concern, there is no intention to cut these areas loose in a gesture of free market fervor.

"It's not possible to sell off hospitals here," said Cristobal Montoro, secretary of state for the economy and a key aide to Mr. Aznar. "The population isn't going to accept it. It's easier to develop complementary care. That's also, by the way, what center means in a center-right government. This is essential to our approach."

It is not with total comfort that the center-right turns Mr. Blair into a reference point. But this, in fact, what Mr. Aznar has done for mainly domestic political purposes. He has used an association with Mr. Blair to suggest his ideological suppleness, and to head off an assertion, potentially damaging if, as expected, the Spanish prime minister calls new elections next year, that Spain is now isolated in a left-oriented Europe.

In preparation for the Vienna summit talks, Mr. Aznar and Mr. Blair issued a joint declaration in favor of opening labor markets, a call for Europe to concentrate on removing the constraints of its hiring rules rather than new make-work programs. In domestic terms, the statement brought the aura of Mr. Blair's credibility to the Spanish government's initiative to break down the country's barriers on cutting work forces. Mr. Aznar has even gone as far as speaking favorably about Mr. Blair's notions of the Third Way, which the Spanish prime minister is described as regarding as pragmatic, regardless of its treatment by conservative critics as woolly theorizing.

If there has been a quid pro quo, it came in Mr. Aznar's willingness to speak out early, and in line with British resistance, against German and French pressure to harmonize European tax policies. The Aznar government is opposed to ecological taxes, and doesn't like anything that could be an obstacle to its burgeoning middle-sized and small entrepreneurs. In terms perhaps more sharply pointed than those used by Mr. Blair, Mr. Aznar took aim at Germany and France by saying, "I certainly don't think we should be harmonizing inefficiencies."

When Spain is on its comfortable days, those when the government's refusal to surrender part of its Basque support revenue, or the on-going Basque problem, or its magistrates' Pinochet extradition request do not seize the headlines and the national consciousness, some Spaniards will argue that their country is uniquely modern because the Franco years meant it was spared the decades when West European capitalism grew rigid with state direction and stolid infrastructure.

Mr. Aznar hardly started the reform process, but he is given credit for accelerating it. "The best thing about the government is that it's had the wisdom not to interfere," said Cesar Molinas, chief strategist of Merrill Lynch Europe.

"Because we began late, we're more of an open economy than France or Germany," insisted Federico Prades Sierra, economist of the Asociación Española de Banca. "We've changed economic cultures, much more than France or Germany, and we're more positive and eager for more."

Then comes unemployment. The OECD, noting Spain's "brisk job creation," predicts it will come down to 16.8 percent in 2000, a number that was neither prizes for model governance nor votes. The explanations usually have to do with over-staffing going back to the Franco era, a major submerged economy particularly in the tourist sector, exceptional firing costs that result in fewer new hires, and a kind of family solidarity, unknown to the north, that muffles the exclusion and humiliation of jobless. Still, Portugal, with not totally dissimilar circumstances, has an unemployment rate this year of about 5 percent.

With the introduction of the euro, Spain's exchange rate advantage will disappear and the impact may be felt not only on jobs but in terms of the durability of the current spree. Mr. Aznar's temptation could be to stand pat on pushing for new reforms so as to jostle no one while he decides whether to call new elections. An economist who watches Spain said if the prime minister does that, the country soon could be closer to the social democratic pack than he may ever have intended.

LAYOFFS:
Ericsson Cuts Back

Continued from Page 1

swiftly to increase productivity and improve earnings; the announcement of the 10,000 job cuts worldwide was part of this effort. The company now employs about 100,000 people. Lars Stoberg, a spokesman for Ericsson, said the company was more than half way through the last round of layoffs, and had not yet decided where the additional job cuts to be announced in January would come.

Mr. Nilsson said Ericsson was also being hurt by a shift in demand, which analysts said was particularly strong in key Western European markets such as Britain and France, toward lower-priced cellular phones, notably those linked to prepaid phone services, which account for about one-third the European market. Systems using prepaid cards enable customers to own wireless phones without having to go through credit checks or pay monthly subscription fees. Such phones are usually low priced with correspondingly low margins for manufacturers, and Mr. Nilsson said that accounted for a lower operating profit despite increased sales volume.

Ericsson has had to act decisively to resist the growing competition from competitors, including Nokia, which this year overtook Ericsson as the largest supplier of digital cellular phones to the United States, the world's largest market, doubling its market share to 40.3 percent from 19.8 percent in 1997, according to Datamark.

Analysts have praised Ericsson's efforts to revamp its operations, and they say fresh technology in the cellular phone business should enable Ericsson to regain its momentum.

Phillip Redman, who follows the cellular phone market for the Yankee Group, a Boston-based consultancy, said much of Nokia's gains in the United States were attributable to its success in landing lucrative contracts to supply digital cellular phones employing so-called tri-mode technology to AT&T Corp., the largest American cellular phone operator, which introduced the system with considerable fanfare this year. "So 1998 for Ericsson was not a great year," he said.

But he said Ericsson was well placed to compete with a new generation of digital cellular phone technology.

"That will be a much larger market, and also a global market," he said. "So on the long-term growth cycle Ericsson is well prepared."

BRITAIN: Bank of England, Worried About Slowdown, Cuts Rate

Continued from Page 1

negative since last month," with growth in inventories a particularly worrisome sign.

"A cut of at least half a percent was essential to boost flagging consumer demand before the Christmas period and also to help encourage sterling on its downward path," said Ian Peters, deputy director-general of the British Chambers of Commerce. A weaker pound would make British exports more competitive.

Kate Barker, chief economic adviser at the Confederation of British Industry, welcomed the rate cut, saying it showed that the central bank was alert to the dangers of deflation, but she said more cuts were needed. "With economic weakness now spreading out well beyond manufacturing, this cut is unlikely to be the last and will not in itself ward off the impending downturn in growth," she said.

Jeremy Batstone, analyst at NatWest Stockbrokers, said the move had been well received in the financial district of London, where most traders had anticipated only a quarter-point reduction. "It is a clear sign that the authorities are becoming concerned about the risk of deflation in the economy, rather than inflation," he said.

The Bank of England was given the authority last year to set interest rates free of government direction, but its nine-member Monetary Policy Committee is still obliged to maintain them at a level that prevents the inflation rate from going more than one percentage point above or below the current 2.5 percent target.

Despite government forecasts of continued growth, many economists are predicting that Britain will experience a slowdown or a small recession in the first half of 1999. Companies have issued profit warnings not just in the manufacturing industry but also in the ser-

vice sector, which has been held up by the government of Prime Minister Tony Blair as a model for the global economy.

An annual survey of senior British executives by MORI, a polling organization, showed that only 1 percent of those questioned foresaw an improvement in the economy in 1999, compared with 89 percent who predicted a worsening. A year ago, 50 percent had a positive view, with only 12 percent pessimistic.

Union leaders have been concerned by falling factory orders and job losses in a series of recent plant closings and consolidations. They said they had hoped for an even bigger rate cut.

John Edmonds, general secretary of the union GMB, which has 740,000 members, called the half-point reduction a "pathetic" response and he accused the central bank of "living in a parallel universe."

"They should come into the real world," he said.

BLAIR: He Seconds U.S. Call for NATO Mission Against Weapons of Mass Destruction

Continued from Page 1

and be proud of it. What is necessary is that when any disagreement comes up that we realize that we stay firm but we stay engaged."

These were among other points that Mr. Blair made in the interview.

He acknowledged that Britain's economy was slowing rapidly and that conditions "will be tougher for jobs and business in the next year." But he defended Bank of England policy independence and declined to criticize its pace of rate cuts, which included a further half-point cut on Thursday, to 6.25 percent. "I think the precedents for that are rather poor and ineffective," Mr. Blair said.

He ruled out any prospect of a referendum on the single currency before the next general election, which must be held by May 2002. Britain's economic cycle remained closer to that of the United States than to Continental Europe's, he said. Convergence "must not simply be for an instant in time," he said. "It has to be sustainable."

He acknowledged a risk that Continental Europe could "retreat into old-style corporatism as the answer to its problems." But he claimed widespread support, including in Germany and France, for his so-called Third Way policies combining structural reforms with efforts to help the poorest members of society. "Without making too much of this, I would say I probably get as much publicity in Europe as any other leader in Europe does," he said. "These

ideas are talked about and debated about."

He restated his personal support for President Bill Clinton without commenting on the looming vote in the House Judiciary Committee on articles of impeachment. "I am a strong supporter of his, I always have been and will remain so," he said. "He has been a very good friend to Britain, and over Northern Ireland in particular I have found his help absolutely invaluable."

The U.S. secretary of state, Madeleine Albright, urged the NATO allies this week to expand the alliance's mission to defending "common interests" in Europe and beyond, including efforts to contain weapons of mass destruction.

Some European countries have expressed concerns that Washington was trying to turn the North Atlantic Treaty Organization into a tool for its global

strategic interests, but Mr. Blair said the debate was "more imagined than real."

"I think most people accept that it is important to make sure that we deal with weapons of mass destruction, that we try and ensure that we are tackling some of the common security problems that confront us all," he said.

He also made it clear that Britain rejected Germany's call for the alliance to rule out the first use of nuclear weapons, but he sought to play down the difference. "I don't think we should place too much stress on that one particular statement," he said.

Explaining his decision to reverse British policy this fall and support the development of a defense capability inside the European Union, Mr. Blair said he was driven by the desire to ensure that Europe's defense efforts remain "fully

consistent and in conformity" with its members' NATO obligations. Decisions should be kept in the hands of countries that have military power and the will to use it, he said. The question of will remains to be proven, though, he added.

"In relation to Kosovo," he said, "I was depressed at the degree to which Europe was unwilling to get fully engaged with that straight away and really face up to the responsibilities."

As for his broader European aims, Mr. Blair said Britain was still "several years" from becoming a central player in Europe without polarized opinion at home. But he had a clear role model.

"France is not shy about defending its own national interests, and quite right, too," he said. "But they find no inconsistency between defending those national interests and being a full player in Europe."

Russia Wants Evidence on Iran Missile Claims

Reuters

MOSCOW — Russia told the United States on Thursday it was willing to tighten controls on exports of missile technology to Iran if Washington provided proof of illicit transfers, the Interfax news agency reported.

The exchange on Iran came as a U.S. team led by Deputy Secretary of State Strobe Talbott met with First Deputy Prime Minister Yuri Maslyukov, Russia's top economic official, at the start

of talks about where the new government in Moscow is headed.

Interfax said Mr. Maslyukov told Russian journalists the U.S. team had complained of unauthorized supplies to Iran by Russian factories of missile technology and equipment, but that Russian officials urged the Americans to "produce concrete facts."

If the charges were proved, Mr. Maslyukov said, Russia was ready to agree to joint U.S.-Russian monitoring

groups at the factories involved. "Export controls must be strengthened and mutual confidence increased," the agency quoted him as saying.

Yuri Koptev, director of the Russian space agency, who was also in on the talks, told Interfax: "So far we haven't heard any evidence of new facts. At best, they say there are concerns about such-and-such a Russian enterprise."

U.S. officials in Moscow refused to comment on the substance of the talks.

INTERNATIONAL

Iraq Toughens Refusal on UN's Access to Party Offices

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — The government of Saddam Hussein toughened its refusal to allow arms inspectors into the ruling party's offices in Iraq on Thursday, as the chief inspector, Richard Butler, sent the Security Council a letter charging Iraq with violating a host of council directives.

In Baghdad, where other inspections proceeded normally on Thursday, a senior official of Mr. Hussein's Ba'ath Party stood on the steps of a building that inspectors were barred from entering Wednesday and planned to try to search again on Thursday and announced that they would never be permitted to enter.

He seemed to rule out access to all party offices, a new classification of off-limits sites in the minds of the Iraqis, who are required under Security Council resolutions to allow inspectors to go anywhere they wish to search

for weapons material or documents.

"The answer would be the same," said the official, Latif Nsayif Jassim, a high party leader, in answer to a question about what would happen if the inspectors renewed their efforts to visit the site of the two-story city headquarters of the Ba'athists.

"This is a party," he said. "Political parties are not included."

It was the most serious incident since the inspectors returned to work last month after a showdown that almost led to U.S. and British air strikes against Iraq.

In Washington, Secretary of Defense William Cohen called the Iraqi actions a "very serious situation" that could still prompt a military attack.

But he also indicated that a military strike did not appear to be imminent.

"We intend to wait until the completion of his inspections and that of his team before coming to any conclusion about the nature of

the lack of cooperation on the part of Saddam Hussein," Mr. Cohen said.

Asked if Iraq was still subject to U.S. attack at any time without warning, Mr. Cohen replied, "The answer is yes."

In Paris, Secretary of State Madeleine Albright repeated the Clinton administration's warning to Iraq that "the option of using force is on the table."

Although diplomats at the United Nations, including those from the United States and Britain, do not expect the use of force in the near future, they say that the Iraqis are once again isolating themselves from most of their would-be defenders on the Security Council, among them France, by a public display of noncooperation with the inspectors and Baghdad's efforts to make exceptions to the Council's rules on inspections.

Mrs. Albright, who met with President Jacques Chirac for about an hour on Thursday, said after the meeting that she and Mr. Chirac

"very much agreed" that Mr. Hussein had no choice but to cooperate with the inspectors.

■ Inspector Reports 2 Other Incidents

In addition to blocking inspection of a Ba'ath party headquarters in Baghdad, Mr. Butler's letter said Thursday that Iraq interfered with at least two other U.N. weapons teams during the last week, Reuters reported.

The report for the first time disclosed the two other incidents, which both occurred five days ago.

The report said that during a chemical monitoring inspection on Dec. 5, Iraqi representatives "placed unacceptable conditions on the photography of bombs, citing national security concerns. No photographs were taken."

An inspection by a biological weapons team, also on Dec. 5, was postponed for one day after Iraq "imposed conditions on the conduct of the inspection on a Friday."

BRIEFLY

Another Author Missing in Iran

TEHRAN — An Iranian dissident author has gone missing in the latest disappearance of secular opposition intellectuals, his relatives said Thursday.

They said Mohammed Jafar Pouyandeh, a 45-year-old translator and author, had gone missing after he left his Tehran office on Wednesday afternoon.

"We have contacted all relevant authorities, including police, hospitals, and the morgue, with no trace of him to be found," a relative said.

Mr. Pouyandeh is the third author who has disappeared in the past month amid complaints by moderates about a lack of security for reformists and dissidents in the wake of the slaying last month of Darius Forouhar, a veteran opposition figure, and his wife Parvaneh. (Reuters)

South Africa Opposes Talks

JOHANNESBURG — South Africa said Thursday that it was opposed to talks planned for next week in Zambia to try to end war in the Democratic Republic of the Congo unless rebels fighting to unseat President Laurent Kabila were allowed to participate.

Foreign Minister Alfred Nzo said the rebels of the Congolese Rally for Democracy led by Ernest Wamba dia Wamba were an important factor in the Congo crisis and that ignoring them would be a political error.

"This is our clear and firm position, that talks without the participation of the rebels would be useless and a waste of time," Mr. Nzo said.

Mr. Nzo spoke after President Nelson Mandela held talks on the Congo and fighting in Comoros with the Organization of African Unity secretary-general, Salim Ahmed Salim. (Reuters)

Armenian Defense Aide Slain

YEREVAN, Armenia — Deputy Defense Minister Vagran Khorkhoruni, 47, was shot to death outside his home here overnight, police said on Thursday.

The assailants were unknown. Several cartridge shells were found at the site, but the Interior Ministry's press service gave no further details.

The murder was the second of a high-ranking Armenian government official in five months. The state prosecutor, Henrik Kacharyan, was killed on Aug. 6. (Reuters)

No Negotiations With Libya

PARIS — Secretary of State Madeleine Albright ruled out on Thursday any negotiations with Libya over a British-American proposal to try two Libyan suspects accused of bombing Pan Am Flight 103 over Lockerbie, Scotland, in 1988.

"We are still waiting for Colonel Gadhafi to accept what we think is a very good plan for there to be a trial in the Netherlands with a Scottish court and Scottish laws and that there should be no question at all that if these people are found guilty that they will serve their term in Scotland," she told reporters here.

She said that the UN secretary-general, Kofi Annan, who was in Libya last week, had been a transmitter of that message. "I think a lot of the technicalities have been worked on," she said. But Mrs. Albright insisted: "There is no negotiating on the position that the British and the Americans put forward." (Reuters)

PLO Takes Step to Void Anti-Israel Language

The Associated Press

GAZA CITY — Keeping a promise to Israel and the United States, a group of senior Palestinians led by Yasser Arafat voted overwhelmingly Thursday to declare clauses of the PLO charter calling for Israel's destruction null and void.

The vote was an interim step ahead of Monday's session of the Palestine National Council, which is to reaffirm the move in the presence of President Bill Clinton.

The decision was made by the Palestinian Central Council, a 124-member leadership body.

In the vote, the members present were asked whether they approved an Arafat letter to Mr. Clinton in which the offending Palestine Liberation Organization clauses are declared revoked.

Of those present, 81 voted for, 7 voted against and 7 abstained, according to Salim Zanoun, chairman of the Palestine National Council.

This paved the way for the gathering of the larger Palestine National Council that is to be attended by Mr. Clinton.

Delegates of radical PLO groups opposed to peace deals with Israel stayed away, but a quorum of two-thirds of the central council's members was present.

Under the Wye land-for-security accord that was agreed to in Maryland this fall, the Palestine National

Council and delegates of other Palestinian groups are to reaffirm the Arafat letter, thus completing the process of revoking the charter.

Jayeh Abdel Rahim, secretary-general of the Palestine Authority, said the PLO charter had been an anachronism for years.

The charter clauses calling for Israel's destruction have not been valid since the day the first peace agreement with Israel was signed, in 1993, he said.

In April 1996, the Palestine National Council voted on revoking the clauses. Israel's dovish government at the time accepted the outcome as satisfactory.

But when Prime Minister Benjamin Netanyahu came to power a month later, he said the Palestinians had not completed their task and demanded that the Palestine National Council be called together again.

Even though the Palestinians have agreed to the demand, the two sides disagree over procedure for Monday's session.

Mr. Netanyahu said he would not settle for anything less than a vote by a show of hands, while the Palestinians say the Wye agreement only requires approval by acclamation.

The Israeli leader said Thursday that he would stick to his position even if Mr. Clinton declares the Palestine National Council session a



A Palestinian woman passing two Israeli soldiers on guard duty on Thursday in Bethlehem.

success without a vote. "It is Israel which determines issues connected with its future," Mr. Netanyahu told Israeli radio.

Mr. Zanoun said no vote would be taken.

Mr. Arafat called the procedure an internal Palestinian matter. "It's not their business," he said, referring to the Israelis.

■ Israeli Crackdown Ordered

Mr. Netanyahu ordered a crackdown on Palestinian unrest on

Thursday ahead of a three-day visit by Mr. Clinton and demanded a permanent end to violence, Reuters reported from Jerusalem.

"Our duty is to activate the Israeli Army and security elements against this trouble in the firmest way possible," he said on Israeli radio.

Two Palestinians were killed and more than 150 people were reported to have been injured in West Bank clashes this week.

"That's an order I asked be passed to the field," the prime min-

ister said. The Israeli police, meanwhile, said that Palestinian militants might try to launch a guerrilla attack during Mr. Clinton's visit to the region to wreck the president's peace mission.

"The working supposition is that there will be an attempt to carry out a terror attack in order to upset the event," said the national police commander, Yehuda Wilk.

He emphasized that the police had received no specific warnings of planned attacks.



Texas won an appeal of a stay given to Mr. Faulder.

Judge to Let Texas Execute Canadian

Reuters

HUNTSVILLE, Texas — A U.S. appeals court overturned a stay of execution Thursday for Joseph Stanley Faulder, a Canadian who was convicted of murder in Texas, a court spokesman said.

The decision removed one of the last legal barriers to Mr. Faulder's execution, which was scheduled for Thursday night. He was convicted of killing an elderly woman in 1975.

On Wednesday, a judge had ordered a stay of execution for Mr. Faulder, 61, citing concerns about whether he had a fair hearing in a case that drew protests from Canada and an attempt to intervene by the U.S. government.

Texas officials appealed the decision to the U.S. Fifth Circuit Court of Appeals in New Orleans.

The judge, U.S. District Judge Sam Sparks, had also issued a stay of execution on Wednesday for a California man, Danny Barber. In ordering the stays, Judge Sparks cited concerns about the way the Texas Board of Pardons and Paroles decides whether to grant clemency.

On Wednesday, the board turned down requests from Mr. Faulder and Mr. Barber for commutation of their sentences to life in prison. As always, the vote was conducted by fax and without a meeting, which lawyers for the two inmates said had denied them due process.

Herald Tribune

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ASIA/PACIFIC

South Korea's Filmmakers Roll Into Action to Protect Foreign-Movie Quota

By Don Kirk
International Herald Tribune

SEOUL — Six years ago Ahn Sung Ki played two of his greatest film roles — one as a North Korean soldier left behind in the South during the Korean War, the other as a South Korean intellectual who volunteered to go to Vietnam as a soldier in the South Korean Army.

Now the South Korean actor is playing a different kind of role — that of a crusader for a quota system that requires movie theaters here to show South Korean movies at least 106 days a year. "It is not only an issue of the Korean film industry, but of all artists and schol-

ars," Mr. Ahn said against a backdrop of black-and-white photographs of Korean directors in the office of the Motion Picture Directors' Association of Korea. "This is a national issue," he said. "The pressure hurts the pride of our people."

The United States is calling for an end or at least a sharp reduction in the quota as part of a bilateral investment treaty that is aimed at opening South Korean markets that were previously closed or limited.

The negotiations have galvanized the South Korean film community into a campaign ranging from the streets of downtown Seoul to the steps of nearby Myongdong Cathedral, a traditional haven for critics and dissidents, to the

Foreign films, mainly from Hollywood, have easily captured the lion's share of the country's market.

U.S. Embassy. South Korean movie-makers have worn black clothing, mourning what they say is the coming death of their art, and have carried banners and shouted slogans denouncing "the cultural imperialism" for "the murder of Korean films."

On Thursday, directors and producers led several hundred filmmakers in speeches, songs and slogans for more than two hours in freezing temperatures. "Protect Korean films," the crowd

shouted. "Let's fight against America."

Jeffrey Hardee, regional vice president for the Motion Picture Association, the international arm for the Motion Picture Association of America, called the demonstrations "an emotional reaction" reflecting lack of understanding.

"We are not trying to kill off the local industry," he said. "We just don't think that quotas are an effective tool."

Noting that South Korea is the only country in Asia that sets a quota on

foreign films, he said a quota would do local producers more harm than good.

As evidence, Mr. Hardee said the number of screens in South Korea had fallen to 502 as of the end of last year from 640 in 1993, while rising elsewhere in the region.

"You have to hold local films longer than economically justified," he said. "Cinemas are essentially losing money. You're not giving them the flexibility."

The campaign appears to contradict the efforts of President Kim Dae Jung to open the country to more foreign investment and trade as an antidote to the economic crisis that plunged the economy into recession late last year.

"It might spread to an anti-American attitude," Mr. Ahn said.

He said he told American officials that it was "hard to see the film industry as an industry but as a cultural endeavor" — and therefore not covered by investment or trade agreements.

Since foreigners were permitted to distribute their films directly to South Korea a decade ago, filmmakers say, foreign films, mainly from Hollywood, have easily captured the lion's share of the market.

In 1997, according to the Motion Picture Producers' Association of Korea, South Korean movies attracted 25.5 percent of the customers. American movies got approximately 60 percent, while movies made in Europe and Hong Kong got the rest.

It was not until this month that Japanese films were permitted to return here for the first time since the end of Japanese colonialism in 1945, but South Korean filmmakers do not see them as a threat of Hollywood dimensions.

Japanese filmmakers produce only 45 or so dramatic films a year, about the same number that are produced in South Korea, said Jung Ji Young, a director serving on the Emergency Committee to Protect the Screen Quotas. The only Japanese film to be shown here has played to small audiences.

Government officials have suggested that they may try to mollify the Americans with a program for gradually phasing out the quota, reducing it only slightly at first.

Filmmakers, sensitive to criticism that many South Korean films are low quality, saw no chance of surviving against the competition by producing better movies.

"The average budget of Korean films is \$1 million or less," said Yang Ki Hwan of the Screen Quota Watch Group, charged with making sure that movie theaters showed South Korean films. "Hollywood films cost 100 times as much."

He said he saw the survival of South Korean films against the forces of Hollywood as crucial to the country's independence.

"We have a history of over 5,000 years," he said, repeating a credo that every South Korean learns in school. "We're proud of our cultural identity. Films are part of our culture."

BRIEFLY

China Criticizes Rocket Report

BEIJING — China denied on Thursday a Pentagon report that it received sensitive rocket technology from a U.S. satellite maker, and said the accusations reflected the "Cold War mentality" of the United States.

"The Chinese side had no intention to obtain U.S. missile technology through the launching of U.S. satellites," a Foreign Ministry spokesman said.

"We hope the U.S. side will thoroughly give up its legacy of Cold War mentality and do more to facilitate normal business contact between the two countries," he said.

A classified Pentagon report found that a Hughes Electronics Corp. subsidiary gave China information that improved the country's ability to launch satellites and missiles, U.S. officials said Wednesday. Hughes denied wrongdoing. (Reuters)

Anwar Accuser Details Charge

KUALA LUMPUR — A key witness in the trial of Anwar Ibrahim, the former deputy prime minister of Malaysia, said Thursday that he was sodomized by both Mr. Anwar and Mr. Anwar's adopted brother in 1992.

During questioning by the chief prosecutor, Azizah Abu Bakar gave details of his alleged sexual relationship with Mr. Anwar. Mr. Azizah clarified remarks he made Monday, when he seemed to agree to a defense assertion that he kept visiting Mr. Anwar between 1992 and 1997 because Mr. Anwar "did not sodomize" him.

Also Thursday, Mr. Anwar's wife, Azizah Ismail, said she had organized a new group under his reform banner as a "response to the people's demand for justice." (AFP)



Soldiers and students clashing after the Jakarta protest turned violent Thursday.

Protest in Jakarta Erupts in Violence

The Associated Press

JAKARTA — As many as 10,000 protesters choked the streets of the Indonesian capital Thursday, demanding more democracy as they clashed several times with troops and the police.

Students pelted the Jakarta police headquarters with rocks and bottles, after they were beaten by baton-wielding officers who blocked 3,000 protesters from marching on the Parliament.

At least 30 students were injured, student leaders said.

As night fell, some tried again to march to the legislature. Another group of several thousand attempted to get to the heavily guarded presidential palace, but were blocked by troops and armored vehicles about a kilometer (a half mile) away.

It was one of the biggest days of protest since student demonstrations and deadly riots forced President Suharto to quit last May after 32 years of autocratic rule.

The heavy turnout Thursday coincided with the 50th anniversary of the Universal Declaration of Human Rights, and was held despite a warning from Indonesia's government that it would not tolerate violent protests.

The protesters also demanded the immediate prosecution of Mr. Suharto, who is being investigated for corruption.

Security forces were stretched, as protesters gathered at various locations. Initially, the protests were peaceful, but violence broke out later.

ASEAN Focus on Cambodia

Entry Dispute Might Hit Economic Plans, Leaders Fear

By Michael Richardson
International Herald Tribune

SINGAPORE — When Southeast Asian foreign ministers meet for dinner in Hanoi on Friday to start preparing an agenda for a meeting of their leaders next week, they will be juggling two conflicting issues: early political integration of the region versus a clear focus on recovery measures for its recession-hit economies.

This is a very critical juncture for the Association of South East Asian Nations. Jusuf Wanandi, chairman of Indonesia's Center for Strategic and International Studies, said in an interview. "The summit has to show those who have doubts about the viability of ASEAN that it has a clear and credible plan for overcoming the region's problems."

Many businessmen and investors — including those who committed hundreds of millions of dollars to projects during the boom era before the financial crisis started in Thailand in July 1997 — want to see firm evidence that ASEAN is not retreating from trade and investment liberalization into protectionism.

Before committing new money to help haul Southeast Asia out of recession, they want to be sure that ASEAN will lower investment barriers and accelerate the creation of a largely free market for goods and services in a region of more than 500 million consumers by the year 2000.

"ASEAN regional integration needs to be accelerated," Wayne Booker, vice chairman of the Ford Motor Company, said at a recent business conference in Kuala Lumpur. "The genius and promise of ASEAN is a single market comprised of a number of vibrant smaller economies. When this single market focus occurs, companies will be encouraged to produce efficiently in the region, resulting in lower consumer prices and more competitive products to meet customer needs."

Some ASEAN countries — including Indonesia, Malaysia, Laos and Vietnam, the host of the meeting — want the formal unity of Southeast Asia to be completed quickly by admitting Cambodia as the 10th full member of the group at the meeting. They argue that adding to ASEAN's political weight would impress the outside world, including potential investors seeking evidence of regional integration.

Other countries — among them the Philippines, Thailand and Singapore — prefer to wait until the constitutional framework that is supposed to help hold Cambodia's recently re-formed coalition government together is

completed, probably some time next year.

This, they say, would minimize the risk of damage to ASEAN in case further political feuding erupts in Phnom Penh.

Cambodia was set to join ASEAN in July 1997 along with Burma and Laos. But its admission was postponed after Prime Minister Hun Sen ousted his then senior co-prime minister, Norodom Ranariddh, in a bloody coup.

Deferring Cambodia's admission would also allow the meeting to put the spotlight entirely on economic recovery measures.

"The priority for the Hanoi meeting is for ASEAN to send a clear signal to the world that it will act in unison and show its resolve to overcome the financial and economic crisis," said Singapore's foreign minister, Shunmugam Jayakumar. "That is the main challenge for the Hanoi summit."

Squabbling over the timing of Cambodia's admission threatens to distract the summit meeting and weaken its cohesion even before it begins.

Officials said Thursday that if the foreign ministers were unable to reach consensus on the issue, the ASEAN heads of government would have to consider the different views when they meet Tuesday and Wednesday, and try to come to a decision.

The ASEAN secretary-general, Rodolfo Severino, said he was concerned that the Cambodia issue would overshadow the summit meeting.

But he emphasized that whatever the outcome, the group would adopt measures next week to send a clear message that it was not retreating behind protectionist walls.

"These measures will push forward regional economic integration and make clear to the world that ASEAN is not stepping back from its commitments," Mr. Severino told Reuters in an interview in Hanoi. "They understand that the way to attract investment is to open their economies further."

Other officials taking part in the Hanoi meeting also said that the group would speed up the removal of trade and investment barriers in the region.

The investment liberalization, which will begin with the manufacturing sector, is part of a plan to encourage industrial expansion and job creation in Southeast Asia that the summit meeting is expected to bring forward to 2003 from 2010, they said.

The Philippine trade under-secretary, Elio Custodio, said there was also agreement among officials meeting in Hanoi that some 90 percent of 46,000 tariff lines, covering

about 83 percent of all such import taxes in ASEAN, would be cut to between zero and 5 percent by 2000 — three years earlier than scheduled — as part of the ASEAN Free Trade Area, or AFTA.

Under existing AFTA commitments, the six earlier members of ASEAN — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand — would reduce their tariffs to no more than 5 percent by 2003. Vietnam is due to lower tariffs to that level by 2006 and the remaining ASEAN members — Burma and Laos, by 2008.

Pressure for the creation of a common ASEAN investment and trade area has increased amid falling investment and trade in the region as a result of the currency turmoil and economic slowdown.

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In Town Where Ulster Carnage Was Worst, the Horror Lingers

By James F. Clarity
New York Times Service

OMAGH, Northern Ireland — On the sunny Saturday afternoon of Aug. 15, when a car bomb planted by an Irish Republican Army splinter group killed 29 people and wounded about 400 here, Mick Grimes was fussing over his newborn chickens.

"I heard a bang," he said the other day. "It sounded like a bomb, but it could have been anything, anywhere." He kept working to keep the chicks alive at his place in the nearby hamlet of Beragh.

What he heard that day was the car bomb exploding on Market Street in

Omagh at the height of shopping for back-to-school clothes, books and pencils. It was the deadliest act of terrorism in 29 years of sectarian violence in Northern Ireland.

The next day Mr. Grimes, 73, a retired fireman, learned that the blast had killed his wife, Mary, 65; his granddaughter, Maura, 18 months, and his daughter, Avril, 30, and destroyed the seven-month-old twin fetuses in Avril's womb.

Like the bombers from the group calling itself the Real IRA — who have not been caught but are known to be former members of the overwhelmingly Catholic IRA — Mr. Grimes and his family are Catholics.

Now, nearly four months later, with the heavy mist drifting down from the Sperrin Mountains giving Omagh a ghostly look, Mr. Grimes and most of the 20,000 others in the area are trying to cope with the lingering horror.

They still have visions of loved ones ripped and splattered all over Market Street, and they live with the huge hole in the low skyline where six of the blasted buildings have been demolished.

Mr. Grimes still has two sons and four grandchildren, three of them Avril's children. But he finds little joy in them.

Like 500 other people here, he gets counseling from government-financed

doctors and social workers, who listen to his pain and hope it will fade. In addition to the British government's health plan coverage for the wounded and their immediate families, more than 200 people have received about \$600,000 from the congoovernmental Omagh Fund, which has collected more than \$1 million.

"It's hard to concentrate on anything," Mr. Grimes said at the new Trauma Center in Omagh, where adults go to weep and small children frightened by the blast draw ghastly faces reflecting their feelings.

Often, Mr. Grimes said, he thinks of his wife who was killed as she stood in a Market Street shop buying baby clothes

for her other pregnant daughter, in London.

"That was the best woman," he said softly. "You could never say anything but good about her. She made jam — gooseberry, rhubarb. Sold it and gave the money to starving people, in Sudan. I think it was."

He said that over the years, he had written a secret book of poems, never showing them to anyone. One was about Mary, and last year he recited it on a tape and played it on her birthday. "At least she got to hear it," he said.

Wendy McCay, 15, a Protestant schoolgirl, was standing on Market Street joking with friends when she was blown backward by the exploded maroon Cavalier, a piece of which gashed and broke her left arm. There is a deep, four-long scar on her forearm. Before the blast, she said, she wanted to become a physiotherapist, and she still does.

Now she frequently sees in her mind replays of the street carnage and of the confusion and blood in the hospital. "I never know when it's coming," she said, "in school, anywhere — I see the whole thing start to finish, just like a film."

"I feel unlucky to have been there, but lucky to be alive," she said.

But hundreds, perhaps thousands, of the people of Omagh are suffering what doctors and social workers call "survivor guilt." The guilt has come not only to ordinary citizens, but to the social workers and police themselves.

"I make a living out of this," one ambivalent welfare official said.

The area police chief, James Baxter, said he and his wife no longer went to Market Street for coffee, partly because their favorite cafe, Nicholl and Shiels, had been blown away, but also, he said, because he felt some guilt for the deaths.

On the afternoon of the blast, he said, the guerrillas warned the police that the bomb would explode near the courthouse. The police began to evacuate that area and to move people down Market Street, into the middle of the block, closer to where the bomb was actually planted.

One policewoman, who had unwittingly herded people toward the bomb, has not been able to work since and is being counseled for grief and guilt.

When Market Street reopened to the public recently and the town Christmas tree was lit, several thousand people attended. But after that, relatively few shoppers were on the street.

Virtually everyone in this town, where about 60 percent of the people are Catholic, says that relations between Catholics and Protestants have always been cordial, if not friendly, and that the bomb had pushed them closer together.

Briton Slain
In Chechnya
Said on Tape
He Was Spy

Compiled by Our Staff From Dispatches

GROZNY, Russia — A senior Chechen official showed a videotape Thursday in which one of four Western hostages who were killed said they had been spying for British intelligence in the breakaway Russian region.

The official, Vice President Vakha Arsanov, showed the tape, which he said Chechen special services found Wednesday, to correspondents in Grozny. Later, the president ruled the tape could not be broadcast publicly.

The hostage, identified as Peter Kennedy, said in Russian that he and his colleagues had been sent to Chechnya by the British secret service to monitor telephone conversations. Their mission was to gather information to stop the spread of Islamic fundamentalism in the region, he claimed in the video.

The heads of the four hostages were found Tuesday after a government rescue attempt apparently went wrong. Chechen security forces were still searching Thursday for the men's bodies.

The victims — Mr. Kennedy, Darren Hickey and Rudolf Petschi of Britain, and Stanley Shaw of New Zealand — were identified by their former bodyguard. The four men, employed by a British company installing a mobile telephone system, had been abducted by unidentified gunmen Oct. 3 in Grozny.

"They must have been forced to confess," Mr. Arsanov said. The government's possession of the tape was likely to raise questions about the possible role of Chechen officials, rumored to be linked to Chechnya's wave of kidnappings.

On the tape, Mr. Kennedy was shown saying in Russian: "We have been recruited by the English intelligence service. We installed a satellite aerial so that all phone conversations on Chechen territory were heard by German, English and Israeli secret services and the CIA."

The British ambassador, Sir Andrew Wood, said in Moscow: "Any reasonable analysis would show that we have no wish to spy on Chechen territory." (Reuters, AP)

A Legal First:
Pinochet Team
Asks Lords
To ReconsiderBy Warren Hoge
New York Times Service

LONDON — General Augusto Pinochet's lawyers asked the House of Lords on Thursday to reconsider its judgment last month that their client did not enjoy sovereign immunity from arrest.

The surprise move came a day after Jack Straw, the British home secretary, turned down the former Chilean dictator's plea to be set free and ruled that the Spanish extradition case seeking to try him in Madrid on charges of crimes against humanity could go forward in English courts.

The Law Lords of the House of Lords constitute the highest court in Britain, and a spokesman said Thursday that no one had ever tried to appeal one of its decisions. On Nov. 25, the court decided in a 3-to-2 vote that crimes like hostage-taking and torture were not protected by sovereign immunity because they could not be considered functional acts of a head of state.

"We have received a petition that the judgment be set aside," a spokeswoman said, adding that it would be discussed by a committee of the Law Lords who would decide whether to have a full appeal hearing.

General Pinochet was arrested in London in October in response to an extradition request by a Spanish judge, Baltasar Garzon, that he stand trial on charges in connection with the deaths or disappearances of more than 3,000 people during the 17 years he ruled Chile.

The petition Thursday was believed to center on a charge of potential bias against Lord Leonard Hoffmann, the judge who cast the decisive vote. It emerged that he has been an unpaid director of a charity for Amnesty International since 1990.

A lawyer representing Amnesty International and other rights groups was permitted in what was described as a rare privilege to take part in the presentation of the case against General Pinochet during the six days of hearings in the House of Lords.

Indictment Issued in Spain

Judge Garzon formally charged General Pinochet on Thursday with crimes against humanity and renewed a call for a freeze on his assets worldwide. Reuters reported from Madrid.

The 285-page criminal indictment charged General Pinochet with genocide, torture and terrorism.

For the first time, the judge left open the possibility of General Pinochet's being tried by a British court.



The Nobel laureates John Hume, left, and David Trimble, second from right, attending the awards ceremony Thursday in Oslo with Francis Sejersted and Hanna Kvanmo of the Nobel committee.

Nobel Laureates Urge IRA Hard-Liners to Disarm

Compiled by Our Staff From Dispatches

OSLO — The Northern Irish Protestant leader David Trimble put pressure on hard-line Irish Republican Army guerrillas Thursday to disarm, as he and the Roman Catholic politician John Hume received the Nobel Peace Prize for their work to end bloodshed.

"Common sense dictates that I cannot for ever convince society that real peace is at hand if there is not a beginning to the decommissioning of weapons as an earnest of the decommissioning of hearts that most follow," said Mr. Trimble, first minister of Northern Ireland, in his acceptance speech.

Mr. Hume, a nationalist and a prime mover in the British province's peace drive, pleaded to the two sides to build on the landmark "Good Friday agreement."

"The challenge now is to grasp and shape history; to show that past grievances and injustices can give way to a

new generosity of spirit and action," asserted Mr. Hume, who leads the moderate Social Democratic and Labour Party and helped broker guerrilla truces that paved the way for the accord in April.

Both men spelled out an unyielding commitment to sealing an enduring peace and eradicating sectarianism after a conflict that has killed more than 3,600 people.

Both men said the prize, for which they will share a check for 7.6 million Swedish kronor (\$950,000), was for an incomplete peace. The accord has yet to be carried out, with Mr. Trimble insisting that he will not let IRA supporters into a new government for Northern Ireland unless the IRA starts to disarm.

"We do have a peace today in Ireland. But it is still something of an armed peace," said Mr. Trimble, the leader of the largest Protestant party in Northern Ireland, the Ulster Unionist Party. (AP, Reuters)

Rape in Bosnia Is War Crime, UN Court Rules

Compiled by Our Staff From Dispatches

THE HAGUE — In the first United Nations case to focus exclusively on rape as a war crime, a Bosnian Croat paramilitary commander was found guilty of war crimes on Thursday and sentenced to 10 years in prison.

The UN tribunal for the war in Yugoslavia ruled that the commander, Anto Furundzija, 29, was guilty of failing to stop a subordinate's sexual assault on a Muslim woman in 1993. The rape, the court ruled, made him a "fellow perpetrator" guilty of two charges of war crimes.

"In such situations, the fellow perpetrator plays a role every bit as grave as the person who actually inflicts the pain and suffering," the judges wrote in a 100-page ruling.

Mr. Furundzija's attorney said he would appeal the conviction and sentence.

"Our position is one of true shock," said Luka Mistic, the attorney. "We firmly, unequivocally state that our client is not guilty."

If the appeal fails, Mr. Furundzija will be imprisoned in Norway, Finland or Italy.

He commanded a Bosnian Croat paramilitary force known as the "Jokers" in the Vitez region in central Bosnia during the 1992-1995 Bosnian war.

The defendant appeared unmoved when he heard the verdict and sentence. Prosecutors had asked for a minimum of five years, but he faced a maximum life sentence.

He was indicted in 1995 on charges of allowing one of his soldiers to subject a Bosnian Muslim woman, identified only as witness A, to "a prolonged series of physical, mental and sexual abuses including repeated rapes" at the "Jokers' headquarters in the village of Nadioci in May 1993.

The indictment was kept secret until he was arrested by NATO-led troops in December 1997.

Defense attorneys tried to have the woman's testimony thrown out, saying that it was unreliable because she was suffering post-traumatic stress disorder. They also accused prosecutors of trying to conceal her psychological problems.

The three-judge panel, led by Florencia Mumba of Zambia, reopened the trial so the victim could be cross-examined again and offer evidence about her mental state.

The judges then rejected the argument that her testimony was flawed.

They also deplored Mr. Furundzija's role in her ordeal. "A woman was brought into detention, kept naked and helpless before her interrogators and treated with the utmost cruelty and barbarity," their ruling said.

The accused, far from preventing these crimes, played a prominent part in their commission.

Mr. Furundzija is the first Bosnian Croat to be convicted of participating in a brutal purge of Muslims in the central Bosnia area of the Lavsa Valley. Eight others are on trial in three separate cases for their alleged involvement in the purge.

Set up by the UN Security Council in 1993, the tribunal has previously convicted a Bosnian Serb, two Muslims and two Bosnian Croats of war crimes. (AP, AFP)

BRIEFLY

NATO Says It Could Enter Kosovo

PARIS — A NATO force to be stationed on the border of Kosovo will enter the province if needed to ensure the safety of international peace monitors even if Yugoslav authorities disagree, a French military planner said Thursday.

Lieutenant General Emile Sabathe, the armed forces deputy operations chief, said that there was no agreement with the Federal Republic of Yugoslavia about the North Atlantic Treaty organization's operating there.

"But UN Resolution 1203 says we can use 'any means' to ensure the security of peace verifiers in Kosovo, and that is what we will do," he said. The role of the French-led multinational force to be deployed in Macedonia was to ensure that any of the 2,000 unarmed "verifiers" now being sent to Kosovo by the Organization for Security and Cooperation in Europe could be escorted to safety if necessary. (Reuters)

Italy Sinks Plan to Shield Venice

ROME — Italy rejected Thursday a project to build a barrier to shield Venice from the rising Adriatic.

Environment Minister Edo Ronchi said the rejection by an environmental impact committee was the last word on the floodgate project, ending more than 10 years and about \$150 million of planning and studies.

The project would have had "irreversible and very considerable effects on the lagoon," said Maria Rosa Vitadini, head of the government-appointed environmental panel. Backers had called the project the only real option to safeguard Venice from high water, which floods St. Mark's Square and other low-lying areas of the canal city dozens of times a year. (AP)

For the Record

Belarus and the European Union have settled a dispute over diplomatic bousing in the capital, Minsk, which had prompted a group of ambassadors to leave Belarus, officials said. EU envoys are to return to give up their houses voluntarily in return for new ones elsewhere. (Reuters)

A homeless Frenchman suspected of committing the 1996 rape and murder of Caroline Dickinson, a 13-year-old British schoolgirl, in Pleine-Forges in Brittany has been cleared by genetic testing, prosecutors said. (Reuters)

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Baghdad Is Dreaming

By turning international weapons inspectors away from the headquarters of its ruling party on Wednesday, Iraq showed why the UN Security Council should make no move toward lifting economic sanctions. Secretary of State Madeleine Albright was right to warn promptly that Washington will hold up any review of Iraq's status until Baghdad honors its pledge of unhindered access for the weapons investigators. The surprise inspections that began on Tuesday, in which UN specialists look for hidden materials and records with little advance notification, are particularly important.

Iraq is seeking a review not only of arms issues but also of its record in other areas, like returning Kuwaiti prisoners and property. Baghdad is hoping for some recognition of overall progress and a narrowing of the requirements to win relief from sanctions.

The country has done little to merit a favorable report. Its record on arms, as reported in October by the UN in-

spection chief, Richard Butler, is poor to mixed. There are large gaps in its ability to account for the supplies of VX nerve gas, anthrax bacteria and botulinum toxin it was known to possess before the Gulf War. On non-arms issues, Iraq has done even less to meet obligations that were supposed to have been fulfilled more than seven years ago.

Wednesday's incident was perfectly consistent with Saddam Hussein's seven-year record of obstruction. Iraq has permitted routine inspections since the most recent crisis eased last month, but it has rebuffed requests for relevant documents and now looks set to limit surprise visits.

Saddam never ceases to hunt for ways to divide the Security Council in hopes that he can limit inspections while winning relief from sanctions. The two goals are incompatible. The only route to lifting sanctions is full cooperation with inspections.

—THE NEW YORK TIMES

Nicaragua and Honduras

Last year roughly half the populations of Nicaragua and Honduras were living on about a dollar a day or less. Then hurricane Mitch hit, wrecking once-in-a-century devastation. Now officials there say it could take years just to recover to pitiful 1997 levels.

That is the context for an aid conference which began this Thursday in Washington. Central American presidents were to deliver a bleak report to representatives of what are hopefully referred to as donor countries.

In Honduras, hardest hit by Mitch, 70 to 80 percent of agricultural production has been wiped out, and much of that — such as banana plantations — cannot be quickly replaced. Roads, bridges, even topsoil have been washed away; water supplies are spoiled; electric power is gone. Most harmed have been the region's poorest — those dollar-a-day people.

Americans have responded generously. Many Washingtonians, including those with little to spare themselves, have lined up to donate. With the U.S. Agency for International Development leading and the U.S. military providing much labor and expertise, the United States is far ahead of other countries in support, as one would expect. It is a tribute to these

efforts that, though more than 10,000 died in the storm, post-storm casualties to date have been few.

Humanitarian needs will continue for months — a million people still are out of their homes — and reconstruction needs will continue for years. The scale of the disaster calls for assistance of many kinds. The affected economies need better access to the U.S. market. Central Americans working in the United States illegally should be given a reprieve on repatriation. Honduras and its neighbors need relief from debt.

That debt is a symbol of past failures of development aid, and a reminder of the need to do things differently this time. Honduras owes \$4 billion. Nicaragua \$6 billion; what became of all that money? Hurricane Mitch, as terrible as it was, offers an opportunity to rebuild in a smarter way.

On a physical level, that means more solid homes, better protected watersheds, more sustainable agriculture. On an economic level, it means paying more attention to equity and education. To make such changes possible, civic organizations must be included in the aid process from the start. Since every Central American country now is a democracy, such a vision is ambitious but not utopian.

—THE WASHINGTON POST

Now Go for Censure

At long last, the Judiciary Committee of the House of Representatives has before it two resolutions, one for censure and one for impeachment, that define the choices before Congress and the nation.

The censure resolution, drafted by three Democrats, needs more direct language about President Bill Clinton's lies under oath. But it represents a vehicle for Democrats and moderate Republicans to deliver what the public properly wants, which is to condemn Mr. Clinton strongly and then allow him to finish his term.

But getting the censure resolution out of the committee and to the House floor as an alternative to the impeachment indictment will be difficult.

The dueling resolutions emerged late Wednesday afternoon, bringing a hectic end to a day when the committee's usual raucousness was replaced by a somber sense of history in the making.

A lengthy presentation by White House counsel Charles Ruff brought into clear focus the overriding question. Do Mr. Clinton's offenses rise to the level of requiring impeachment?

We reject Mr. Ruff's argument that the president "believed that what he was doing was being evasive but truthful" under oath. The evidence of Mr. Clinton's statements and conduct supports the view that he planned to lie, knew he was lying and took actions to cover up his behavior.

Nevertheless, Mr. Ruff framed the constitutional issue well. Even if all the charges are true regarding lying about a certain definition of sex or where hands were placed, he argued, the scale of the offenses does not warrant overturning an election.

We believe that these offenses warrant censure, the sterner the better.

But the Republicans' four-count impeachment resolution argues, in contrast, that President Clinton should be

tried in the Senate on charges of lying to the grand jury, lying in the Paula Jones case, obstructing justice and abusing his power to disrupt the legal process.

The grand jury count is the most dangerous to Mr. Clinton. Moderate Republicans might vote for it in the absence of a chance to vote for censure. For that reason, Republican hard-liners will do their best to kill the censure resolution in committee and impose rules that prevent it from being brought later to the House floor. That would be a disservice to the national interest.

If Mr. Clinton and the designated House speaker, Boh Livingston, are ever going to exert leadership in this historic confrontation, they need to use all their influence to keep censure alive as an alternative for a House vote.

Although we favor censure, we do not share the view that all pro-impeachment Republicans are zealots. Certainly some Judiciary Committee Republicans are driven by political antipathy, just as pro-Clinton Democrats have prejudged the case. But, as many committee members suggested in their thoughtful questions, it is not easy to overlook Mr. Clinton's conduct and his decision to confront the law rather than uphold it.

But, as Mr. Ruff pointed out, impeachment should be used when a president's offenses against the state are so grave as to allow no response other than removal.

The obvious alternative of censuring Mr. Clinton and making him acknowledge the condemnation with his signature must be made available to the House members.

History will judge a bipartisan vote for censure to have been a rebuke far more stinging than a partisan vote for impeachment that hits a dead end in the Senate and is heedless to a sense of constitutional proportion.

—THE NEW YORK TIMES

Impeachment Would Be Seen as a Prudish Putsch

By Richard Cohen

WASHINGTON — If President Bill Clinton is impeached, American history will change, and almost certainly for the worse.

Impeachment itself is not of great, immediate consequence. Even conviction by the Senate would not change matters all that much. Americans would lose a president not really worthy of his office and elevate Al Gore, a good man of similar policies. With the Cold War ended, the stakes are greatly diminished.

But the consequences for the nation would be grave. It would mean the removal, or attempted removal, of a popular president, against the will of the American people. It would mean that a minority nullified a presidential election.

When Richard Nixon was effectively booted from office, it was only after it was clear to most Americans that their president had to go; he had a 24 percent approval rating toward the end.

By then his own party wanted him gone, and Republican leaders, including the party's most prominent conservative, Barry Goldwater, told him so. President Nixon's defense utterly

collapsed. That is not happening in this case. Not only is the Democratic Party fighting the president's impeachment, but it has the support of key moderate Republican politicians and, more important, of many moderate Republican voters as well.

For example, in New York state both the Republican senator, Alfonse D'Amato, and the mayor of New York, Rudolph Giuliani, oppose impeachment. They are now joined by Representative Arno Houghton from upstate, which is no Democratic bastion by any measure.

And in the stark numbers of every poll imaginable, about two-thirds of the American people are opposed to Mr. Clinton's impeachment. (He has a job approval rating of 62 percent.) If they are like me, that does not mean that they approve of his behavior or condone his lying. Quite the contrary. But his offenses do not constitute abuse of power — no getting the FBI or the CIA to cover up anything.

In the end, it all comes back to sex.

Mr. Clinton lied, misled and may have suggested that others do the same, but in every case the subject revolved around sex. Maybe a majority of the House thinks that lying about sex is no different from lying about anything else, but much of the country thinks differently. It puts sex into a separate category, a personal and private place where the government and politicians have no business going.

Ken Starr went there, proving to all of us that he and those of similar ideological bent could do the same to any of us. These ideologues are clean and sleek, unperplexed, uncomplicated, always knowing right from wrong, at least when it comes to you and me.

The rest of us are different. We are hounded by modernity — confused by genetics, abortion, Kevorkian, surrogate moms, test tube dads, Internet porn. We have deeply secret interior lives, another person within us who ought to be immune from subpoena. On a given day, we cannot be what we want to be, never mind what others want us to be.

This impeachment fight has come down to a culture clash: pure and simple. The House Republicans rep-

resent one culture, the anti-impeachment forces the other.

The end of the Cold War has allowed this division to surface and now, thanks to Mr. Clinton and his foolishness, the issue is joined.

The impeachment forces have only a legislative majority, and maybe a temporary one at that. They are proceeding against the will of the people, and the people, no doubt about it, will resent an outcome that deprives them of their president. The current anti-Washington sentiment will metastasize, the sense that politics is a fixed game will harden. Americans will feel gyped.

The leaders of the sincerity and fervor of their views is no excuse for breaking a sacred covenant with the American people: Their government is their government. That is an honorable tautology — a promise that nothing of enormous consequence will happen without the approval of the American people.

House Republicans are proceeding anyway. They call it impeachment. To many Americans, it will seem like something else: a putsch.

The Washington Post

Hillary Rodham Clinton Is Too Valuable for Americans to Lose

By Flora Lewis

PARIS — People have begun to ask whether Hillary Rodham Clinton is likely to be elected president of the United States. At this point, the answer is evidently "no," but the question does reflect a remarkable development in her role and the way she is perceived.

Throughout Bill Clinton's ordeal by sex-scandal, Mrs. Clinton has carried on as though she had no personal concerns. Her stamina and her strength have made a huge difference in her husband's ability to weather the attacks so far.

The troubles are not quite over yet, but the issue now is more how congressional Republicans are going to get rid of the impeachment question than it is the fate of the president. Censure strikes me as a rather pointless, artificial way of avoiding their responsibility to conclude what has been started. The argument that some formal punishment must be imposed to show that Mr. Clinton earned

the disapproval of the legislature and many comparisons are in order. That has already been very widely recorded.

Some do seem to resent that he has borne it all without any signs of the emotional distress and self-abasement that would seem inescapable for most people. He is probably sustained by the same force of confidence that led him to feel he could ignore the proprieties and get away with it. That trait got him into trouble, and it is seeing him through, with Hillary's indispensable help.

She has gone through several transformations in their years at the peak of politics. She wanted to share in the rewards as well as the effort. There was a lively, modern air of equality and partnership in their early campaign theme of "two for the price of one," but it boomeranged. Feminism has not won that much support from Americans.

So she shifted to less assertive, less political subjects, gentler her style, and made more of the wife-and-mother role which America's political usage seems to demand. But that turned out to be a lot tougher than the traditional routine, and she responded again with intense, carefully programmed activity. Now she is going to be on the cover of Vogue, a first for a presidential wife, and Time's woman of the year, and America-watchers around the world are wondering about her future.

She is a fine public speaker, poised, generating conviction, able to think quickly on her feet. Last January, not long after the Monica story broke, she appeared at the World Economic Forum in Davos to talk about education and development. She showed no diffidence or embarrassment, and the several thousand business

and political leaders present gave her a standing ovation.

A question was passed up to her. "Don't you think it's time for the U.S. to choose an intelligent, capable woman president?" Without stopping for breath, she laughed and found the perfect diplomatic answer. "Yes, and I look forward to voting for her."

In current circumstances, it is hard to imagine her name on a ballot. It would be fun to see her as vice presidential candidate on an Al Gore ticket for 2000, but entertaining the voters is not what campaign consultants recommend.

Still, she has established herself as an effective public figure in her own right, both in the United States and in the many foreign countries where she has made successful trips. She is too young, too energetic, too full of ideas, too competent to disappear politely when she is no longer first lady.

There have been rumors that the couple will split up after they leave the White House, but their pact has proved extraordinarily solid so far.

The issues that were shoved aside and drowned out by Monica are all still there, and she has developed considerable expertise in addressing them. No doubt she will find a platform to enable her to continue, whatever her husband chooses as his next career, for he will have one.

The nearest thing to a precedent for Mrs. Clinton's activism was Eleanor Roosevelt, also a stubborn, persistent, innovative woman who had to put up with a lot. She was de-manded, even detested, but she kept on with the humane causes she thought important and now she is remembered with love and gratitude.

Just where it will take her is not clear, but certainly Mrs. Clinton is not coming to the end of her road in 2000.

Flora Lewis

Emperor Netanyahu Is Exposed as Having No Clothes

By Ze'ev Chafetz

JERUSALEM — Throughout his career, Benjamin Netanyahu has been regarded as a political Houdini, a magician able to escape impossible traps and remain whole while being sawed into little pieces.

But on Monday, Haim Ramon, the Labor Party stalwart, pulled back the curtain and showed the public how the magic really works.

Mr. Ramon rose in the Knesset to call for early elections. The Netanyahu government has been in trouble ever since the prime minister signed the Wye accord in October promising to turn over a sizable chunk of the West Bank to the Palestinians.

President Bill Clinton's planned visit to Israel this week has worsened the problems, with many Israeli leaders seeing

it as an endorsement of Palestinian sovereignty.

Mr. Netanyahu was not in the hall when Mr. Ramon spoke. He was in a nearby office doing what he had been doing all day: frantically trying to persuade legislators to preserve his ruling coalition. The arithmetic was against him, but so great is his reputation for one-on-one persuasion that odds-makers were giving him an even shot.

But then Mr. Ramon revealed the details of what the prime minister had been doing behind closed doors that day. One by one, Mr. Netanyahu had been promising legislators whatever they asked for. He had solemnly assured the ultra-nationalists that he would scuttle

the Wye accords and freeze the peace process, and then pledged to Israeli Arab legislators that he would stick to Wye.

Mr. Ramon's remarks brought gales of laughter from the Labor benches and uncomfortable snickers from Mr. Netanyahu's side of the aisle.

Ever since the prime minister came to power in 1996, people have been searching for his true political identity. He has seemed to be on all sides of every issue, especially the question of peace with the Palestinians. He has been against the Oslo accords and for them, opposed to withdrawal from Hebron and in favor, unwilling to meet with Yasser Arafat and eager to see him, against Amer-

ican intervention and glad to have it. Is he an ideologue or a pragmatist, a superhawk or a moderate?

Mr. Ramon revealed that he is none of those things. He is a man who for the past two years has been engaged in a political Ponzi scheme.

First, he promised everything to everyone in return for support. Then he paid off his most vocally outraged creditors with capital that he had accumulated by satisfying previously aggrieved ones.

Like all Ponzi schemes, this one fed off the willingness of the greedy to suspend disbelief. For two years, Mr. Netanyahu's coalition partners precipitated fake crises and accepted empty promises because he gave them what they truly wanted, min-

isterial jobs and government spoils, while enabling them to appear as principled defenders of their various ideologies. In that sense, his dupes were also his accomplices.

But Ponzi schemes collapse, and this one began to go bad at Wye. There, Mr. Netanyahu put his promises in writing, and he tied his own hands by granting the American government the status of arbiter.

When he returned to Israel, his right-wing creditors descended, demanding that he make good on his hawkish commitments. The moderates in his party and coalition insisted that he honor his dovish pledges.

By the time Mr. Ramon was through, only one Likud backbencher defended Mr. Netanyahu. Within 24 hours a majority of his ministers made clear that they preferred a Likud-Labor unity government or new elections to the current bankruptcy.

But Mr. Netanyahu is unlikely to pull in new supporters. The Labor Party, his reluctant ally on the peace accord, has turned down his feelers for a government of national unity.

On Monday the prime minister managed one last escape by sliding through a parliamentary loophole and postponing a vote. But some time in the next two weeks the Knesset will convene, and decide what to do about a political confidence man who has lost the confidence of just about everybody.

The writer, a novelist and a columnist for The Jerusalem Report, contributed this comment to The New York Times.

Annan Goes All the Way to Gadhafi's Tent

By William Shawcross

LONDON — Kofi Annan's visit to Moammar Gadhafi to talk about Lockerbie last Saturday was not a dramatic breakthrough, but it was typical of the way this United Nations secretary-general takes risks and uses methods that politicians would not dare consider.

His task was to try to persuade Colonel Gadhafi to send for trial in the Netherlands, and possible imprisonment in Scotland, two Libyans suspected of placing the bomb on Pan Am Flight 103, which blew up over Lockerbie in 1988. UN sanctions would then be lifted.

Robin Cook, the British foreign secretary, encouraged Mr. Annan to go. American officials believed that without prior commitments from Colonel Gadhafi he should not go. He had none, but he went.

"If I go, there is a chance he will change his mind," Mr. Annan told me. "If I don't go, Gadhafi will say 'The secretary-general is next door in Tunisia and he doesn't even come to talk to me.' That could complicate things."

The day began with Libyan gamesmanship. Mr. Annan's Tunisian Airlines special flight was ordered in midair to divert to Tripoli instead of flying directly to Sirte, near Colonel Gadhafi's tent in the desert. This seems to have been largely in press. CNN and I survived by being accepted as part of the UN delegation.

When we arrived in Sirte, there was still no word of a meeting with "The Leader." Mr. Annan met with the foreign minister, Omar Mustafa Muntashir, who stressed two familiar Libyan sticking points: place of imprisonment and sanctions. Last summer, Mr. Annan

helped persuade Britain and the United States to allow the trial to take place in a third country, as Libya demanded. The Netherlands was chosen, with the trial to take place under Scottish law and Scottish judges. Since then the Libyans have insisted that any sentences must also be served in the Netherlands, but Britain and the United States are adamant that only a Scottish prison will do.

Mr. Annan told the minister that he had no authority to negotiate. He said the British were determined and had already made many concessions, including allowing Libyan officials, international monitors and the men's families to visit them in prison in Scotland if they were convicted.

Libya's greater concern seems to be that UN sanctions will not be lifted even if it does deliver the men. Mr. Annan pointed out that under the resolutions, sanctions will be suspended as soon as the two men arrive in the Netherlands.

Ninety days later he must report to the Security Council that Libya has complied with all the relevant resolutions, and in particular that it is no longer a terrorist state: then the council can lift sanctions.

He assured the foreign minister that no government had recently reported terrorist activities by Libya to him. On Saturday afternoon, the Libyan news agency said Colonel Gadhafi might not meet Mr. Annan. Mr. Annan remained certain he would.

"These regimes work at their own speed and with their own realities," he said. At about 6 P.M., the black cars arrived to take him into the desert.

The colonel's tent is a rather garish affair, beated by a bonfire on the open windward side. Some of Mr. Annan's staff were stopped by security men miles away, and kept literally out in the cold in the desert night.

According to Mr. Annan, Colonel Gadhafi appeared in command of himself and referred to specific clauses of the UN resolutions, saying that the wording was so stringent that Libya might never be able to prove it was in compliance. He said he feared an Iraq-type situation in which sanctions would never be lifted.

Mr. Annan says he assured him that he was certain the British and Americans were acting in good faith and wanted to resolve this painful matter.

He said the Scottish legal system was open and fair. And once the sanctions are suspended it will be almost impossible for the Security Council to reimpose them — they are already being widely broken by African countries which Libya aids.

Colonel Gadhafi told Mr. Annan that the decision would have to be made by the People's Congress, which has begun a routine meeting in Tripoli.

Eventually, the Libyan told the secretary-general that he was prepared to try to resolve the matter with him.

There is no assurance that Colonel Gadhafi will deliver the two suspects, but Mr. Annan left in good spirits. "I saw this part of the process as confidence-building."

On Monday in Abu Dhabi, Nelson Mandela, who had previously supported Colonel Gadhafi's refusal to let the men be imprisoned in Scotland, told Mr. Annan that he had changed

his mind and would tell the Libyans so.

"We don't make these societies," Mr. Annan said. "We have to deal with them as they are." Putting trust in dictators does not always work, as Saddam Hussein has shown. Still, Mr. Annan's method of calm persuasion may be the best way of ensuring that some of those guilty for the crime of Lockerbie are finally brought to justice.

The writer, who traveled with Mr. Annan in Libya, is preparing a book on Mr. Annan and world disorder. He contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: England's Plot

PARIS — The "Liberte" says: "That Mr. Chamberlain and his friends desire war with France is beyond doubt, and it is no less certain that they have brought the people to look upon this eventuality as an advantageous commercial operation. The Fashoda business was only a pretext skillfully chosen to provoke France and to drive her to extremities."

The plot has failed, but other pretexts to drive us to lose our 'sang-froid' will be invented unless it is perceived that, in spite of her fleet, England is not so invulnerable as she believes."

1923: Career Women

PARIS — [The Herald says in an Editorial:] Mrs. Alice Foot MacDougall, one of the foremost business women of New York, has declared that members of her sex should not follow her example in the choice of

a career. It is, she says, "a cruel, distressing life." In effect, she confesses what is not new, what the world has known almost since humanity was born, namely that woman in her pure social state is not constituted, as man is, to take the full brunt of the ruder problems of life.

1948: Universal Rights

PARIS — The United Nations General Assembly approved last night [Dec. 10], by 48 to 0, the Universal Declaration of Human Rights. Russian amendments which sought to hitch the rights' declaration to the Marxist conception of the supremacy of the state were defeated. The declaration, which seeks to affirm that every human being in the world, regardless of race, creed, religion or sex, shall get a square deal, is the first step in a UN plan whose next development will be an agreement on the international bill of rights.

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OPINION/LETTERS

Even for Foreign Policy Clinton Has a Lawyer

By Jim Hoagland

WASHINGTON — The lawyerly mind circumscribes and protects Bill Clinton's political viability, abroad as well as at home. Six years after he was elected president, he seems able to entrust his fate only to those who share his profession and his evident belief that a well-constructed argument is the ultimate value and arbiter in life.

The picture painted by Kenneth Starr's tortuous investigation of Mr. Clinton's sex life, and the acrid impeachment debate it has sparked, shows a White House that is simultaneously hostage to and reliant on lawyers.

Impeachment hearings make part of Mr. Clinton's dependence obvious and urgent. He dispatched his attorneys to Capitol Hill this week to argue for his political life. Less visible, but vital to America's role in the world, is the continuing ascendancy in policy councils of his lawyer on foreign policy, Sandy Berger.

Foreign diplomats and other policy specialists in Washington have long assumed that Mr. Clinton listens carefully to the discreet advice of Mr. Berger, an engaging, smart, trade attorney and longtime Clinton political adviser who now serves as the national security adviser.

But Embassy Row, Capitol Hill and Washington think tanks are abuzz with reports that Mr. Berger's role now is that of first among equals, easily eclipsing Secretary of State Madeleine Albright as the president's principal adviser on foreign affairs in the

semipublic Washington theater of influence-wielding.

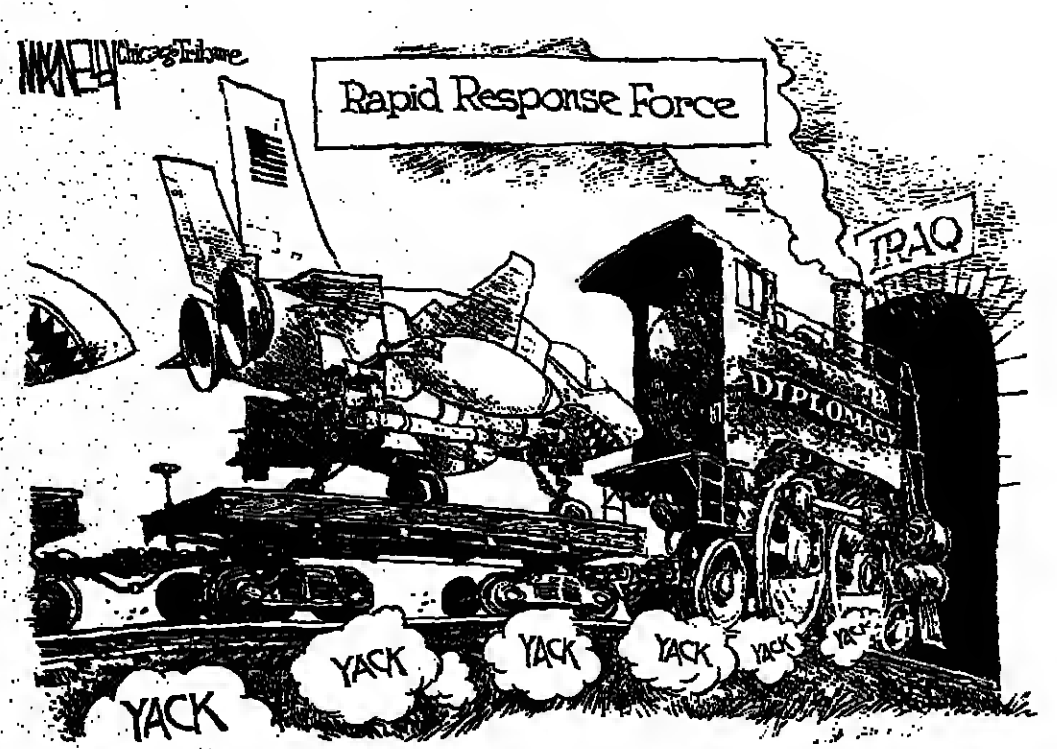
In this theater, perception produces its own reality. Foreign governments are already shaping specific appeals or proposals with Mr. Berger's priorities or foibles in mind rather than zeroing in on Mrs. Albright.

Bureaucrats — entire bureaucracies, for that matter — in the administration see their fortunes affected by the flow of power to and from presidential advisers, and respond, whatever the true state of the relations among and the influence of those advisers.

Mr. Clinton's mid-November decisions to bomb Iraq and then to cancel the attack at the last minute have spotlighted for many analysts the president's reliance on Mr. Berger; above all others, to keep him clear of foreign entanglements that could interfere with the Clintons' domestic programs and hamper the American economy.

Various news accounts have identified who argued for and against proceeding with the scheduled Nov. 14 bombing after Iraq begged for another chance to allow unfettered UN inspections. But in Washington who is with the president when he has to make a vital decision is often a more reliable guide to Clinton than details of the arguments that the president has previously heard.

In the buildup to the Nov. 8 meeting at Camp David where Mr. Clinton essentially decided to go ahead with a massive strike on Nov. 14, he reached out to a broad



spectrum of advisers. Extensive consultations continued throughout that week. But in the final crucial hours when he had to decide what to do about Saddam Hussein's sudden retreat from open defiance, "the number of officials who knew how the president was making his decision and where he was going began dropping precipitously," said one participant in the process. "In the end it came down to the president, Sandy and perhaps one or two others in the White House."

Two stipulations are in order: Events were moving at great speed, and Mr. Clinton was faced with an exceedingly difficult choice that reasonable people can debate.

But Mr. Clinton's no-go decision fits, for better or for worse, a sustained pattern in his presidency of seeking and finally finding al-

most any alternative short of using force. (See North Korea. See Kosovo.) He would also have known that in listening last to Mr. Berger he would hear the voice of the adviser most likely to caution him against costly and risky involvement in a foreign crisis.

Mrs. Albright, a professor of history, remains a powerful articulator of policy to Congress and on television. But she also remains without visible influence on key decisions of the administration, which often run counter to the muscular policies she supported before joining the government and to the arguments she reportedly makes at policy meetings.

Mrs. Albright is not considering resignation. But her frustration with the way the most recent Iraq crisis was handled is visible. She was in the air on her way to Malay-

sia when Mr. Clinton decided to seek clarification from Saddam, passing up a chance for the attack that she advocated. Mrs. Albright and Defense Secretary William Cohen have agreed privately to meet regularly to coordinate policies, in a telling criticism of Mr. Berger's management.

In a conversation near the beginning of the second Clinton term, I asked Mr. Berger if he would function as the president's lawyer in foreign policy. He bristled slightly, saying that my description sounded "like a spiffed-up version of 'technician'." But he did not significantly dispute it, then or later.

Unrelenting protectiveness of the president is not a liability in this White House. It is virtually a condition of employment.

The Washington Post

Willie Mays Remembers DiMaggio's Last Games

By Bob Herbert

NEW YORK — Willie Mays was on the phone, telling a story about himself and Joe DiMaggio that went back nearly half a century.

The Giants were playing the Yankees in the World Series in 1951. Mays, a precocious 20-year-old rookie, was in center field for the Giants. His hero, the graceful and already legendary DiMaggio, was 36 and playing his final games in center for the Yanks.

The Giants had just pulled off a miracle, coming from far behind

had been struggling in the series. Age and injuries had chipped away at his magnificent skills. He was hitless in the first three games. The home run, a two-run shot, came in game four, which the Yankees won, 6-2. They won the series as well, four games to two.

I tried to imagine what it would have been like if that World Series had been covered the way sports events are covered now. Some of the cameras would have been locked on the rookie in center field. Over the years we would have seen, again and again, the Say Hey Kid applauding as the Yankee Clipper trotted out his last home run.

Mays and DiMaggio. There is not a sane fan anywhere who will dispute that they were two of the greatest ballplayers ever to lace up a pair of cleats.

Mr. Mays is 67 now, and admits that a few ailments have slowed him some. He has a lifetime contract with the Giants but he does not travel as much as he used to. He has had a cataract operation and some problems with an ear.

"You've got to take care of all those things," he said. "The older you get, sometimes they get out of whack."

I remember as a child walking with my parents into the enormous horseshoe-shaped structure that was the Polo Grounds. All I wanted was a glimpse of Willie.

And there he was, drifting easily under a long fly ball and putting it away with a basket catch. And there he was, stealing second base and brushing the dirt from the bright white uniform, and then promptly stealing third. And there he was, with that beautiful swing, sending the ball over the fence.

How good was he? New York magazine notes that Mr. Mays hit 124 more home runs than Mickey Mantle, drove in 366 more runs than Mr. DiMaggio and stole 155 more bases than the two of them combined.

The afternoons moved more slowly in those days, and the summers seemed to last a little longer. It seemed as if all the men wore hats. And life could not be better.

Willie Mays was laughing on the other end of the phone. "Those were good times, man," he said.

The New York Times

LETTERS TO THE EDITOR

Be Fair to Lafontaine

In response to "Lafontaine's Dangerous Self-Esteem" (Thinking Ahead, Dec. 8):

It is a shame that Reginald Dale does not read the International Herald Tribune's own Barry James more often. Just a day earlier, Mr. James completely cooled this Lafontaine the Boggymen hysteria in "British Outcry Over a Tax Plan That Doesn't Exist Astonishes EU Officials" (IHT, Dec. 7).

What Mr. Lafontaine is saying

is an opinion shared by some and not by others, but to call it dangerous is bizarre. Is similar thinking from Dominique Strauss-Kahn of France or Erik Aasbrenk of Sweden, expressed long before Mr. Lafontaine became finance minister, not also "dangerous"? If so, why were we not alerted? Or is this just typical uninformed anti-German sentiment?

CARL BERGQUIST

London

Advice for Congress

I have a recommendation for a fair resolution for the impeachment matter: Congress votes down impeachment of the president on grounds that perjury is not an impeachable offense; the independent counsel declines to prosecute the president for perjury, and immediately thereafter the president gives a full pardon to any U.S. citizen ever convicted of perjury in the U.S. court system.

And just to be consistent, Congress

then passes an amendment to the federal perjury statutes making perjury no longer a serious offense and specifying that no person can lose his job or be sent to prison because of perjury, with the maximum punishment, perhaps, being a fine.

In this way we Americans would be logically consistent with our current polls and fair in that currently and hereafter all Americans would be treated

in the same way as the president.

JAMES R. FEES

Brussels

Censure? Have you all gone mad? First, he decides which laws he can break with impunity and now, through his agents, he's choosing his own extra-constitutional punishment. Impatch the scoundrel and let the Senate decide. That's what they're paid for!

BRIAN J. CAMPBELL

Wechelderzande, Belgium

BOOKS

LIFE THE MOVIE

How Entertainment

Conquered Reality

By Neal Gabler, 303 pages, \$25

Alfred A. Knopf

Reviewed by Michiko Kakutani

IN Jim Carrey's hit movie "The Truman Show," a young man named Truman Burbank discovers that his entire life has been grist for a hit television show, that he was brought up by actors playing his parents, married to a woman on his wife and sent out to live and work on a huge stage set. His life is, literally, an ongoing mini-series, the most watched home video ever made.

In his new book, "Life the Movie," the cultural historian Neal Gabler suggests that Americans are all becoming Truman Burbank, that life has become "the biggest, most entertaining, most realistic movie of all, one that played 24 hours a day, 365 days a year, and featured a cast of billions." Even as the stragglers of show business are infecting real life, turning journalism, politics and religion into forms of entertainment, Gabler argues, reality is challenging fiction in sur-reality, creating continuing soap operas starring the likes of O.J. Simpson, Bill Clinton and Diana, Princess of Wales.

This thesis, it is clear, grows out of Gabler's two impressive earlier books: "An Empire of Their Own: How the Jews Invented Hollywood" (1983), which examined how Hollywood's Jewish moguls reinvented themselves as Americans while producing movies that created a fantasy version of the United States; and "Winchell: Gossip, Power and the Culture of Celebrity" (1994), which portrayed the gossip columnist Walter Winchell as the avatar of "the tabloid revolution" that brought us the contemporary concepts of celebrity and "infotainment."

But while Gabler reprises many of the ideas from those earlier volumes in "Life the Movie," he also remains heavily indebted, as he acknowledges, to the pioneering work of other thinkers, like Daniel Boorstin, Dwight Macdonald and Marshall McLuhan. The result is an intermittently provocative but highly derivative book, a book that tends to read like a discursive magazine article padded out to hardcover length.

Indeed, a large part of "Life the Movie" consists of other writers' quotations, embroidered with Gabler's observations, rebuttals and addenda. What Gabler calls the "Zsa Zsa Factor" — a reference to Zsa Zsa Gabor, meaning, he says, "fame that required having to do no work to get it, save gaining media exposure" — is really little more than a rephrasing of Boorstin's definition of a celebrity as "a person who is known for his well-knownness."

Since the mid-19th century, Gabler argues, popular culture has been a more potent force in America than in Europe. For Americans, he writes, entertainment was "the cultural equivalent" of Andrew Jackson's political egalitarianism. Movies and television galvanized the victory of popular entertainment over both high culture and its middlebrow cousin, midcult, and promoted what Gabler calls "an epistemology in which all information, whatever the source, was forced to become entertainment" to capture and hold the public's attention.

Gabler argues that "the first portal through which entertainment slithered into life and then conquered it was journalism": With the appearance of the penny press of the 1830s, more and more newspapers began focusing on sensational stories of murder and sex — a development taken to new heights by William Randolph Hearst.

Nearly a century later, television would appease the public's ever grow-

ing hunger for entertainment by treating news events as disparate as the Simpson case and the Gulf War as real-life prime-time dramas, complete with stars, supporting casts and unfurling, serial plots. While television was discovering that politics could make good entertainment, politicians were discovering that stagecraft could help them shape public perception. Staged press conferences, creative campaign ads, cynical photo-ops and marathon spin sessions all became de rigueur, as Ronald Reagan and Bill Clinton effectively turned politics into another branch of show business.

Nor was politics the only arena to become a thrall of entertainment. Gabler points out that television evangelists like Oral Roberts and Jimmy Swaggart "recast the old revival meeting as a television variety show," that more and more sporting events have "evolved from competitions to exhibitions" and that intellectual debate often devolves into the sort of "staged fights" featured on television shows like "Crossfire" and "The McLaughlin Group."

Though many of Gabler's observations — or his citation of other people's observations — are interesting, he has an annoying tendency to push his thesis so hard that he fails to make important distinctions among the examples he cites. In writing about the importance of artists' public personas, for instance, he lumps together serious figures like Hemingway and Picasso with calculating wannabes like Jeff Koons and Julian Schnabel.

In his acknowledgments, Gabler notes that "Life the Movie" was intended as "an interstitial book between doozed-up biographies of Walter Winchell and Walt Disney" but found that the project grew "from interstitial to interminable." Unfortunately for the reader, the book too often feels like both: interstitial and interminable, as well as secondhand.

New York Times Service

BRIDGE

By Alan Truscott

A PLAYER who wins major success with many different partners did so again at the American Contract Bridge League's Fall Nationals.

Zia Mahmood of Manhattan topped the field in the prestigious Blue Ribbon Pair Championship paired with Howard Weinstein of Chicago. Most of Zia's victories have come with Michael Rosenberger of Tuckahoe, New York, but earlier this year he almost won the Cavendish Invitational Pairs with Steve Weinstein of Glen Ridge, New Jersey.

The final Blue Ribbon standings were: first, Zia and H. Weinstein, 1297.68 match points; second, Eric Rodwell of Clearwater, Florida, and

Marty Seligman of Philadelphia, 1215.42; third, Bob Blanchard and Jim Krekorian of Manhattan, 1198.85; and fourth, Chip and Jan Martel of Davis, California, 1171.3.

On the diagrammed deal from the Blue Ribbon final, Weinstein and Zia, as East and West, hustled their opponents into a phantom sacrifice and stole a trick to exact the maximum penalty.

A weak two-bid normally requires a six-card suit, but most experts will venture this with a strong five-card suit in favorable circumstances, and Zia did so here. Over a take-out double, Weinstein raised to four spades and put pressure on South. That player ventured five clubs in the teeth of the vulnerability, and proved wrong in two ways. First, four spades would have failed by a

trick. Second, five clubs was likely to suffer a 500-point defeat, more than the value of the hypothetical East-West game. In practice the penalty was 800. Notice that the double came from East, who had defensive strength, rather than West, who had clubs.

It appears that South should make nine tricks, losing a spade, a diamond and two trumps. But Weinstein put South to the test by over-taking his partner's spade-king lead with the ace and leading the diamond seven. This was exactly the play he would have made lacking the diamond queen, and South feared that ducking would permit the defense to take the diamond queen, the diamond ace and a diamond ruff.

So South played the diamond king, won the trick, but

NORTH			
♠ 5 3 2			
♥ A K J 5			
♦ J 10 9 8			
♣ A 7			
WEST			
♠ K Q J 9 4			
♥ 4 3			
♦ 5 3			
♣ K 9 6 3			
EAST (O)			
♠ A 10 7 6			
♥ 10 9 7 6 2			
♦ A Q 7			
♣ 10			
SOUTH			
♠ 8			
♥ Q 8 5			
♦ K 8 4 1			
♣ Q 8 7 5 4 2			
North and South were vulnerable.			
East	South	West	North
Pass	Pass	2♣	4♠
4♠	5♠	Pass	Pass
4♠	Pass	Pass	Pass
West led the spade king.			

In just seven years, we transformed ourselves from an authoritarian regime into a growing democracy



This month, the Republic of Kazakhstan proudly celebrates our seventh anniversary and

Today: We are building a tradition of free and fair elections. This coming year, we will hold direct popular elections for both President and for a new Parliament

discriminate against resident Russians and other minorities

We have fostered the development of citizen activism. Today more than 2000 NGOs are operating in Kazakhstan — more than in any other country in the region.

Our highly educated population, with a literacy rate of 98%, is fertile ground for democracy, and in seven years we have built a solid democratic foundation in a secular nation that embraces diversity and opposes fundamentalism and terrorism

We are the first country in the region to introduce proportional representation by party in the Parliament to stimulate the growth of dynamic multiple political parties

We have one of the world's most liberal citizenship laws. Residency is its only qualification. We have rejected the restrictions used by other nations — restrictions that

Kazakhstan

Seven Years of Achievement

Sponsored by Kazakhstan 2030
A program of the Agency for Strategic Planning and Reforms

Leisure

Enhance Your Lips, or Else! It's Here, It's Hot: The 1998 Holiday Gift Guide

By Dave Barry

M IAMI — Each year, as we set to work on our annual Holiday Gift Guide, we find ourselves thinking about the timeless lesson contained in "A Christmas Carol," the heartwarming motion picture by Charles Dickens.

As everyone knows, the story begins on Christmas Eve, when poor Bob Cratchit, a lowly scrivener and the father of something like 83 children, wants to go home early because he has tickets to the hockey game. But his employer, the old miser Ebenezer Scrooge, insists that Bob work late, because Scrooge is dying to find out what "scrivener" is.

Later, Scrooge goes home and falls asleep, only to be awakened by the Ghost of Christmas Past, who tells Scrooge that he will be visited by the Ghost of Christmas Present, the Ghost of Christmas Future and a Ghost to Be Named Later. These ghosts spend the rest of the night reviewing Scrooge's entire life with him, then explaining to him, using charts, the benefits of becoming an Amway representative.

Horrified, Scrooge staggers from his house at dawn, resolved to mend his ways. He rushes over to Cratchit's house with Nintendo 64 games for all the children. He also brings a fine, fat Christmas goose but it starts eating the figgy pudding and Mrs. Cratchit has to kill it with a hammer. But the story ends on a happy note as the youngest Cratchit, Tiny Tim, places a star on the very top of the Christmas tree and says the words that truly express the meaning of this magical time of year: "How come we have a Christmas tree? We're Jewish!"

Here at Holiday Gift Guide headquarters, no matter how many times we hear this heartwarming story, we always say to ourselves: "Huh?" And that sentiment, more than any other, expresses our mood as we go about the task of creating our annual Gift Guide.

As in previous years, we have made every effort to gather together, in one place, the very finest gift ideas in the entire world, regardless of cost, unless it is more than \$35. These are not your ordinary gifts: These are gifts that the lucky people on your gift list will never in a million years expect to receive. And when they do, they may take legal action.

As you look through these items, you will see why our motto is: "It is WAY better to give than to receive."

VACUUM LIP ENHANCER

\$40 plus shipping and handling from Self Care Catalog, 104 Challenger Drive, Portland, Tennessee 37148-1716.

If you are a woman, please stop whatever career or family activity you are engaged in and listen to us right now, because we have an urgent beauty message for you: Your lips are too small.

Yes, The current Official Standard of Beauty calls for large, full, lush lips, defined as "lips that are way bigger than yours." Look at movie actress Kim Basinger. Here is a woman who appears to be smuggling a pair of mature South American jungle pythons around inside her lips, and she is regarded as beautiful. How can you obtain lips like those? One way, of course, is to go to a plastic surgeon for a consultation, then have the surgeon kidnap Kim Basinger, surgically remove her lips and implant them on you. But as you can imagine, this is very expensive, and it is not always covered by medical insurance.

A much simpler technique is to use the Lip Enhancer. This is a tube made of space-age acrylic. You place one end over your lips, then you pull on the other end, thereby forming a vacuum, and before you know it — voila! — your lips have exploded. No, we are just kidding. According to the manufacturer, your lips "should look fuller, smoother and more attractive" for "up to 12 hours." The manufacturer cautions that "in the beginning, you may experience slight bruising or



reddening on or around your lips." The manufacturer does NOT, however, caution that if you accidentally apply the Lip Enhancer to the wrong part of your face, you might accidentally suck out an eyeball, so we don't even mention it.

ELVIS'S DRIVER'S LICENSE

\$2.98 plus shipping and handling from Harriet Carter, Dept. 37, North Wales, Pennsylvania 19455.

If you stop any 500 leading attorneys at random and ask them to name the one item that they always carry in their wallets, the odds are they will answer, in unison, "A duplicate of Elvis Presley's driver's license."

Why? Consider this scenario: You're driving somewhere, and you get pulled over by a police officer for some marginal traffic infraction such as going 57 miles an hour on the sidewalk. In this type of situation, the police officer will often approach you with a negative attitude, but just watch that frown on his face turn to a look of amazement when, instead of handing him your driver's license, you hand him a semi-accurate replica of the license that once belonged to the King of Rock 'n' Roll!

"Look!" you can say to the officer. "It has Elvis's actual license number, birth date, address and weight during his early slim period!"

This is a sure-fire conversation starter. Before you know it, you and the officer will develop a relationship that will remain an important part of your life for many, many parole hearings to come.

EARGLASSES

\$11.99 plus shipping and handling from Walter Drake, 68 Drake Building, Colorado Springs, Colorado 80940.

When we first saw this item, we will frankly admit that we thought it was nothing but a set of goofy-looking plastic things that stick out from your ears and make you look like the world's biggest dork.

But then we read the accompanying literature, and we found out that these plastic things are in fact "parabolic arc segments rotated 180 degrees into an acoustic lens, with a single, sub-convex focal point," the result being that this device "phase-coherently amplifies frontally incident sounds by over seven decibels."

We don't know about you, but when we see that many big words clustered together, we figure that we are dealing with a quality item. But just to be certain, we personally tested the Earglasses at Gift Guide headquarters by wearing them during a planning meeting. Sure enough, we found that we could clearly hear, through the miracle of phase-coherent amplification, the frontally incident sounds being made by our co-workers ("Ha ha!" "What a dork!" etc.).

So we are without hesitation recommending this item to you or anybody on your holiday gift list who would like to have marginally improved hearing without resorting to cockamamie contraptions such as hearing aids, with their so-called "electricity." This year, give the gift that says: "What?"

PHALLOBLASTER INSECT-GENITALIA INFLATER

(Including five pairs of different phalloblaster forceps) 4,000 Australian dollars, plus shipping, from Dr. Marcus Matthews, CSIRO Division of Entomology, GPO Box 1700, Canberra ACT 2601, Australia; tel: (61-2) 6246-4281; fax: (61-2) 6246-4264; e-mail: marcusm@ento.csiro.au.

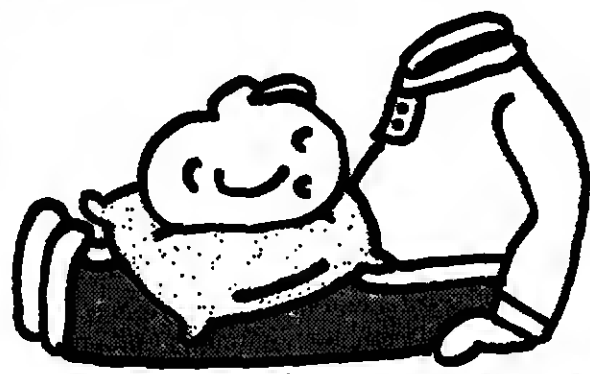
Every now and then, the scientific community comes up with a concept that makes us shake our heads in wonder. "What," we wonder, "is the scientific community smoking?"

That question is very much on our minds as we consider the Phalloblaster, a device pioneered by the Australian insect scientist Marcus Matthews for the purpose of inflating the genitalia of dead insects. We swear we are not making this up.

As you are no doubt aware, when you're trying to identify an insect, one important characteristic that you go by is the shape of the insect's genitalia. But, as Matthews notes, "the shape of the genitalia is partially lost once the insect is dead."

So Matthews, whose job involves identifying the cotton-eating moths of Australia, got some engineers to design and build the Phalloblaster. In layperson's terms, what this device does is... well, let's just say that it is not for nothing that the phalloblaster is sometimes called "the White House intern of the entomology lab."

If you're one of the thousands of people who have been inflating dead-insect genitalia in the old-fashioned way, you are going to love this item. In closing, we would also like to note that an excellent name for a rock band would be "The Cotton-Eating Moths of Australia."



Drawings by Stuart Calkins/Henry

3-D CAMOUFLAGE SUIT

\$84.99 plus shipping and handling from Herter's, P.O. Box 1499, Burnsville, Minnesota 55337. On the Internet: www.herter.com. Item 4650-CF-H634 (specify XL or XXL).

We have come to rely on the hunting community to come up with "something special" for the Holiday Gift Guide, and we are never disappointed. This year's contribution is the 3-D camouflage outfit, which is a suit made of fabric cut in a "leaf-cut" pattern. When you put this suit on, you are able to blend in perfectly with your environment, provided that your environment is a group of people wearing 3-D camouflage outfits.

The pattern we have chosen this year is called "Cornfield," because it simulates the look of cornstalks so perfectly that hunters wearing this suit could well be in danger of being attacked and eaten by pigs. At least that is our fantasy.

This is the perfect gift for a law-enforcement professional who, to "crack a case," needs to disguise himself or herself as a corn plant. It's also ideal for the "avant-garde" type of individual who is not afraid to wear the "latest" in fashions. There is absolutely no doubt in our mind that when top models such as Naomi Campbell and Niki Taylor are in the mood to wear a 3-D camouflage outfit, this is the one they reach for.

RAT SNUGGLE POUCH

\$24 plus shipping and handling from The Rat-alog, The Rat Fan Club, 857 Lindo Lane, Chicago, California 95973; tel: (530) 899-0605; Internet: www.ratfanclub.org.

It's a question that nags many of us: When we attend a business or social gathering, where do we carry our pet rat?

Well, our worries are finally over, thanks to this Rat Snuggle Pouch, which "protects your skin from being scratched when your rats ride on your shoulders, and also protects your clothes from chewing or soiling." That is good news, indeed: We hate to think of all the occasions when our fun was ruined because our rat soiled our clothes. The Junior Prom was a particular nightmare. But now, thanks to the Rat Snuggle Pouch, you will never again have to leave your rat behind. You can take it anywhere, work or play, although if you take it to work, try not to let it run loose in the company cafeteria.

We found the rat snuggle pouch in a catalogue entirely devoted to products for people who keep rats as pets. These people are big fans of their pets, as we see from this actual quote from a satisfied rat owner: "I'm 42 years old, married, and have a son... who will be 3. My girl rat Timmy has had a new friend for six months now. The new girl is sweet, very affectionate and loves to be played with. I find myself staying up after my husband and little boy go to bed — sometimes I'll play games with the rats for one to two hours." That's our idea of a family holiday evening: Dad and the "wee one" fast asleep, visions of sugar plums, etc.; Mom staying up late, playing with her rats.

SIT SLEEPER

\$19.95 plus shipping and handling from Brex Inc., 211 Fourth St., West Des Moines, Iowa 50265, (515) 277-2107.

This is a pillow that you blow up and attach around your waist with a "security belt." The idea is, whenever you want to catch "40 winks," you just put your head down on your Sit Sleeper, and when you're done napping, you wake up feeling refreshed and ready for extensive neck surgery.

This is a fabulous gift idea for anybody who has a need to sleep in a sitting position: airline pilots, security guards, air-traffic controllers and customer-service representatives. In fact, you can save time by simply attaching your Sit Sleeper around your waist first thing in the morning, then sitting down and taking naps whenever the mood strikes.

We would not be surprised to learn that there is a Sit Sleeper strapped beneath the robe of each member of the U.S. Supreme Court.

EVA-LS BRAND SMOKE HOOD

\$69.95 from SkyMail, P.O. Box 52854, Phoenix, Arizona 85072-2854.

Here is a fun item that is bound to bring a gasp of delight from everybody on your holiday gift list. This is a portable personal respiratory device that you wear over your head so you can keep breathing while you escape from a smoky fire. But there's no need to wait for a smoky fire to enjoy the benefits of this item.

Let's say you're at a party, and some thoughtless person lights a cigarette. Instead of being a "wet blanket" and asking the person to put it out, you simply put on your smoke hood and say, "Party on, dudes!" Because you have a hood over your head, it will sound to the other guests as though you're saying "FAFFA FAFOO!" But the point is, you'll still be in the middle of the fun! Likewise, if you're at a restaurant, and another diner lights up, there's no need to make a scene: You simply put on your EVA-LS unit and continue to regale your dining companions with hilarious anecdotes ("FAFFA FAFOO!"). It goes without saying that this item would be much appreciated by airline passengers seated next to individuals who have recently eaten beans.

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Powell culled observations from walks around Greenwich Village, including strolls to Washington Square.

Reveling in Dawn Powell's N.Y.

By Herbert Muschamp
New York Times Service

NEW YORK — Time for holiday shopping. Why not first stop at a bookstore and give yourself a treat? This is a good season to catch up on reading. It's also good for rambling around the neighborhood of a writer many readers are only now beginning to catch up with: the brilliant social satirist Dawn Powell.

Her glimmering novels offer a rare opportunity to reflect on the dependence of cities and books for mutual survival. Powell, who died in 1965, would have been 102 years old on Nov. 28. This is a shocking milestone, for Powell's voice is among the freshest in contemporary letters. Her writing flourished in the 1940s and '50s, but only recently has she begun to receive her full due.

The campaign to rescue her from oblivion was begun by Gore Vidal and led by Tim Page, chief music critic for the Washington Post, author of a new biography on Powell and a former music critic for The New York Times. Eleven of Powell's 15 novels are in print, more than at any point in her stressed-out lifetime. Published by Steerforth Press, the handsome paperback editions feature atmospheric New York cityscapes bordered with dusky, metallic colors. The voice that emerges from those covers is as sharp as their design. Powell's tone is comic but her themes are profound. Collectively, her books paint a panorama of the energies that great city marshals to corrode as well as nurture people's dreams. They also attest to one woman's triumph over dragons.

A native of Ohio, Powell spent most of her life in Greenwich Village. In a letter to a friend in the late 1950s, she writes about a niece who came to New York but declined her aunt's invitation to visit because it would have conflicted with a scheduled tour of the Village. "I was so startled to think I almost prevented them from seeing mysterious Greenwich Village that I didn't think to say, as an acquaintance suggested, 'But dearie, your Auntie Dawn is Greenwich Village.'"

Powell may exaggerate, but her unspeakable retort was not an overstatement. Her books offer the most luminous portrayal of life downtown in the era between Edna St. Vincent Millay and the Stonewall uprising.

The Village has changed dramatically since Powell's death. Rents have skyrocketed. The Loews movie theater on Greenwich Avenue, the Women's House of Detention, the Brevoort Hotel and other landmarks are memories. Bohemia dispersed long ago to the East Village, SoHo, TriBeCa and beyond. Most caustrophically, the bookstores that once lined Eighth Street and Fourth Avenue have dwindled to a small fraction of their former number.

Still, thanks to preservation laws that did not exist in Powell's day, much of the neighborhood's physical character remains intact. Blocks of low-rise buildings let in lots of sky. Most of the buildings Powell lived in still stand. And the place retains its image as a refuge from social conventions and constraints. Powell's novels and the city illuminate each other: the desire for refuge is a pivotal idea in her writing.

WHAT IS THE PRIZE? "There must be some place along the route, a halfway house in time where the runners may pause and ask themselves why they run, what is the prize and is it the prize they really want," Powell reflects in her novel "The Wicked Pavilion." "What became of Beauty? Where went Love? There must be heavens where they may at least be remembered."

Greenwich Village offered Powell refuge, but not security. Perhaps she didn't want that. She wasn't a stranger to comfort. From the early 1940s through the mid-'50s, she occupied a duplex in a doorman building on a good block of 10th Street, complete with a top-floor maid's room that she used as a writing studio. But she was not one for putting down roots. Her diary is peppered with periodic descriptions of moves from one apartment to the next, and this nomadism corresponded to something in her temperament.

She thought of herself as "a permanent visitor" in New York. "My Home Is Far Away," the title of one of her most autobiographical novels, conveyed a perpetual desire for displacement. To write, she would sometimes hole up at seaside hotels and summers were often spent in a tumble-down cottage on Long Island's North Shore.

Powell could be romantic about squallor. In "The Wicked Pavilion," she tracks one of her characters as he makes a nocturnal visit to a dilapidated house

way out in Queens (she had College Point in mind) that he had shared years before with two pals who were seeking their private Bohemia, a simulation of Left Bank Paris.

Powell never lived in College Point, but a few years after the publication of this book she found herself virtually homeless. In 1958, when her building went co-op, Powell and her husband, Joseph Gousha, had to give up their apartment. She was in her early 60s. Her husband, an advertising executive, had recently retired. For two years, the couple lived in sublets and cheap hotels.

When her husband became mortally ill, Powell found an airless flat with a deceptively impressive Fifth Avenue address. Later, with financial help from a friend, Powell moved into a penthouse apartment in a prewar high-rise on the corner of Christopher and Bleecker streets. The elegant reprieve was short-lived. Two years after she moved in, Powell was interested in a mass grave on Hart Island, New York's potter's field. She hardly lived as a hermit, she and Gousha spent much of their time and income dining out, and she showed Powell was plump. But she relished the social spectacle far more than the food.

For fancy nights out, they headed uptown — to the Rainbow Room, the 21 Club, Tavern on the Green or the St. Regis Hotel. But maybe the best way to revisit Powell's New York would be to drop by Chumley's, a former speakeasy with a still unmarked door, guzzle two or three gin martinis in quick succession, and rush out into the streets before the huzzars wear off. Any city can look magical when you're bombed, as Powell, Gousha and their friends often were. Considering how much alcohol they consumed, it's amazing that Powell was so productive.

If there's to be a commemorative plaque, Page suggests it should be placed at 106 Perry St. Powell wrote or began several of her best novels there. But I propose that they rename the Washington Square Arch in her honor. The Dawn Powell Arch. She was very fond of this City Beautiful souvenir. On walks, she would stroll down to the arch, take in the light and eavesdrop on conversations. Then she might walk back along Eighth Street, perhaps stopping for a milkshake before she returned home and poured the day's first drink.

DINING

From Paella to Purely Paris

By Patricia Wells
International Herald Tribune

PARIS — The welcome is warm, the rice delicious, the Spanish fare a great change of pace. For the last year, the owners Pierre Ruffin and Alberto Heredia have offered Parisians a totally authentic Spanish experience, complete with giant platters of varied paella, a medley of excellent tapas — tiny plates of starters — good desserts and excellent wines. All this comes at a very decent price, with warm and friendly service and a pleasant setting across from the charming park of Saint Julien le Pauvre Church on Paris's Left Bank.

This pocket-size restaurant is bathed in warm shades of ochre, and for the good tapas starters, the menu may include the famed Spanish *pato negro* ham; filling red peppers stuffed with shredded bull's tail (*polvorons forcés à la queue de toro*); delicious, spinach-rich tortillas, and tender baby squid bathed in their ink (*chipirons à l'encre*). There are some six different versions of paella, all of which bear no resemblance to the watered-down versions we are most familiar with today. The rice — all Spanish rice from the Ebro delta, where the grains are larger and more strongly flavored — is the main element in all the paella dishes, with flavorings that vary from a jet-black version made with squid ink to a Valencia version seasoned with chicken, rabbit, vegetables and snails.

The paella is served in the pan in which it is cooked, and diners eat right out of the pan, which is perched on a stand at the table.

Desserts vary from a soothing sheep's milk yogurt to irresistible hot melted chocolate in a beautiful white bowl, served with state-of-the-art *churros*, a kind of fritter. The wine list offers some true discoveries and bargains, including the Gran Corona Torres from the Penedes area of Catalonia, a mix of cabernet and the aromatic tempranillo grape.

On two recent visits the restaurant was embarrassingly empty, and the background music varies from cheery marching tunes to abrasive Spanish sounds.

OLD-FASHIONED BISTRO

French critics like to call Au Moulin a Vent-Chez Henri the L'Ami Louis of the Left Bank. Although there is no succulent roasted lamb or chicken to compare with what one finds at L'Ami Louis, Chez Henri does the job when you are looking for a busy, old-fashioned, purely Parisian bistro. This is the place to go with a crowd when you're in the mood for red meat and Beaujolais.

With a barely legible menu in purple ink, a jovial patron and sausages hanging from the ceiling, this is one rare spot to find authentic *boeuf à la ficelle*, top-quality fillet of beef that is stewed with auring, then cooked quickly in boiling water. The boiling technique

seals the outside of the meat, making for a beef that's perfectly rare and without a trace of fat. (Don't be misled off by the unappetizing gray appearance of the meat — the inside will be gloriously red and appetizing.) Another star is the entrecôte, the rib eye, with shallots, earthy pan-seared beef that is literally patted with finely minced shallots so they cook to a fragrant golden crispness. Almost everything here comes with cubes of sautéed potatoes, perhaps the best version of that bistro classic I have ever tasted.

Other dishes worth trying — if they're on the menu that day — include a refreshing salad of mushrooms and green beans, another of perfectly cooked, thinly sliced artichoke bottoms and a classic sole meunière. The *magret de canard*, fatted duck breast, can be dry and tough. The Beaujolais Fleurie goes down very easily, and the bread is dry and dreadful.

Fogon Saint-Julien, 10 Rue Saint-Julien-le-Pauvre, Paris 5; tel: 01-43-54-31-33. Closed Sunday, Christmas Eve, Christmas Day and New Year's Day. Credit card: Visa. 120-franc (\$21.50) lunch menu (including wine and coffee). 160-franc menu. A la carte, 200 francs, including service and wine.

Au Moulin a Veni-Chez Henri, 20 Rue des Fosses Saint-Bernard, Paris 5; tel: 01-43-54-99-37. Closed Sunday, Monday, holidays and August. Credit card: Visa, MasterCard. A la carte, 280 to 320 francs (\$50 to \$57).

Montreal Moves Inside for Winter

By Anthony DePalma
New York Times Service

MONTREAL — Winter takes Montreal fast and hard, but that doesn't change the city's engaging style of life except to move it indoors. The streets and sidewalks remain crowded, but mostly with people sprinting through the cold to get from one warm place to another in the lively, cosmopolitan city. And hotel rates drop with the temperature.

Long considered Canada's premier city, Montreal has lost many corporate offices and thousands of English-speaking residents scared away by Quebec separatists and their threat to make the French-speaking province an independent nation. Toronto is now Canada's corporate capital and largest city. But when it comes to culture and a sense of place, Montreal remains the leader.

"Toronto is a kind of counting house as far as I'm concerned," said Mordecai Richler, the novelist who is one of the city's most familiar characters. "Montreal is a parlor."

It's a parlor where entertaining of all kinds takes place at all hours. In smoky bars like Ziggy's on the hawdy Crescent Street row, where Richler can sometimes be found sipping a Macallan with water on the side, in restaurants with character near the St. Lawrence in Old Montreal, in the coffee shops of the Latin Quarter, in the elegant stores along Sherbrooke Street, and amid the organized chaos of Schwartz's Deli on the international bazaar known as Boulevard St.-Laurent.

WHAT'S DOING For the holidays, 30 live Christmas trees, each about 30 feet (10 meters) tall and decorated thematically by one of Montreal's many ethnic communities, are set up in the old port area.

Handel's "Messiah" will be performed by the Montreal Symphony Orchestra and Choir at the magnificent 1829 Gothic Revival Notre-Dame Basilica, 110 Notre-Dame Street West, at 7:30 P.M. on Dec. 15 and 16. Tickets cost \$3.50 Canadian dollars, \$13 and \$6.50 (at the rate of 65 cents to the U.S. dollar).

What is billed as the largest professional crafts show in North America continues through Dec. 20 at the Place Bonaventure, 900 de la Gauchetière Street West. More than 325 artisans are displaying their work.

Once into the New Year, the hot ticket will be for the exhibit "Monet at Giverny: Masterpieces From the Musée Marmottan," Jan. 28 to May 9 at the Montreal Museum of Fine Arts, 1380 Sherbrooke Street West. It will include 22 works painted at Monet's beloved garden in Giverny. The museum is open most weekdays from 11 A.M. to 6 P.M., most weekends 10 A.M. to 6 P.M., and admission is by timed ticket: \$7.80.



A row of Victorian houses in Montreal, still Canada's cultural leader.

\$3.90 for students and ages 65 and up; \$1.95 for children 12 and under, plus \$3.35 per ticket service charge.

The yearly Fete de Neige at the old Expo '67 grounds on Ile Ste-Helene runs from Jan. 30 to Feb. 14. There will be snow games, snow sculpture contests, tube sliding and ice skating. Admission is \$3, but most events are free.

One of Montreal's new treasures is the Biodome — not to be confused with the Biosphere, the geodesic dome that was the U.S. building at Expo '67 (and which now houses an environmental exhibit). Like the Biosphere, the Biodome also has a history as part of a public spectacle: It was built as a bicycle-racing stadium for the 1976 Olympic Summer Games. But inside now is an ingenious re-creation of four separate environments: a riverine estuary, a tropical rain forest, an eastern woodland and a polar cliff. Each shelters live animals, like the beaver who industriously builds and rebuilds his lodge. Near the Montreal Tower and Olympic Stadium, 4777 Pierre de Coubertin Avenue, it is open daily from 9 A.M. to 5 P.M. Admission is \$6.15; ages 65 and up, \$4.55; 6 to 17, \$3.10.

Montreal has many museums, and one of the newest is the Pointe-a-Calliere Museum of Archaeology, 350 Place Royale. The museum is a modern structure set on ruins where French explorers planted their claim stakes. Remnants of Montreal's original walls, dating from 1650, can be viewed, with many other archaeological finds. It is open Tuesday to Friday, 10 A.M. to 5 P.M., and weekends 11 A.M. to 5 P.M. Admission is \$5.20, and \$1.60 for ages 6 to 12. To get around, the subway system is efficient and quiet, with cars running on rubber wheels. The Metro has three lines and a spur to the Expo site, and costs \$1.20, though there are discounts.

When it comes to food, the favorite

upscale haunt of English speakers for many years has been the Café de Paris in the Ritz-Carlton, 1228 Sherbrooke St. West. Ocher walls and Empire chairs set a tone of elegance. In recent months, it seems to have corrected slips in service and a staleness in the menu. You can start with a salad with winter truffles, followed by an exceptional rack of lamb raised on salt grass. Dinner for two with wine is about \$105; (514) 842-4212.

A FINE old restaurant near the riverfront that specializes in fresh seafood is La Maree, 404 Place Jacques Cartier. Its dark and den-like main room, lighted primarily by candles, is evocative of Montreal's past as a busy port. A buttery New England clam chowder can be followed by sautéed morsels of fresh lobster in a tomato and basil sauce. Dinner for two with a bottle from the extensive wine list and one of the impressively rich desserts is \$90; (514) 861-8126.

Chez Gautier, 3487 Avenue du Parc, resembles a patisserie, with its brass railings, small tables and plenty of mirrors. A spicy fish soup served with grated cheese and baguette slices croutons is \$4.25. The *salade frisée aux lardons* is a local specialty, with bits of diced bacon and a poached egg (\$5.15). Dinner for two with a glass of wine is \$40; (514) 845-2992.

And for a taste of Montreal's disappearing past, visit what French-speak laws require be called the Charcuterie Hebrique de Montreal, but which everybody knows as Schwartz's Deli, 3895 Boulevard St.-Laurent, (514) 842-4813. The counter might be gruff, but just fight your way to the counter and order a smoked meat sandwich, a kind of Montrealer's pastrami (though leaner) with a pickle, fries and a soft drink for about \$5.50.

AUSTRIA

VIENNA
Kunsterhaus, tel. (11) 52-177-404, closed Mondays. To Feb. 21: "Schätze der Kalorien: Islamische Kunst zur Fatimidenzeit." Documents the art, culture and religious life of the Fatimids, a dynasty of Islam that predominated in Egypt from 893 to 1171.

BELGIUM

BRUSSELS
Espace Meridien, tel. (2) 513-0277, closed Mondays and Dec. 25. Continuing To Dec. 31: "Viet Nam: 20th Century." Vietnamese paintings, drawings and posters that reflect an omnipresent European influence while being marked by the political, cultural and economic events of the 20th century.

BRITAIN

LONDON
British Museum, tel. (171) 636-1555, open daily. Continuing To Jan. 10: "Manegna to Rubens." Drawings and sketches by Tintoretto, Correggio, Vasari and Parmigianino. Also, to Jan. 10: "Claude Lorrain." Twenty engravings and 80 drawings, including preparatory drawings and nature studies.

TELE GALLERY, tel. (171) 887-8000 open daily. Continuing To Jan. 17: "John Singer Sargent." A retrospective of 130 works, including society portraits, impressionist paintings and late Venetian and Swiss landscapes.

Victoria and Albert Museum, tel. (171) 938-3349, open daily. To April 12: "Hern Carter-Bresson: Elsewhere." A celebration of the French photographer's 90th birthday. The display covers a less familiar side of his oeuvre — works from China, Japan, Indonesia, India and North America.

CHINA

SHANGHAI
Shanghai Museum, tel. (21) 6372-3505, open daily. Continuing To Jan. 31: "Zao Wou-Ki: Sixty Years of Painting." Abstracts by the Chinese-born painter that reflect both European and Chinese influences.

FRANCE

PARIS
Grand Palais, tel. 01-44-13-17-17, closed Tuesdays. Continuing To Jan. 4: "Gustave Moreau, 1826-1898." Drawings, sketches, watercolors and paintings document the works of the French painter (1826-1898). To Jan. 11: "Lorenzo Lotto." A retrospective of 50 paintings by the Venetian Renaissance master Lorenzo Lotto (c. 1480-1556). To Jan. 25: "Tresors du Musée National du Palais de Taipei — Memoire d'Exile." A discovery of Chinese art and civilization from the Neolithic period to the 20th century.

Institut du Monde Arabe, tel. 01-40-51-38-38, closed Mondays.



Fatimid Egypt documented in a Vienna exhibition: "Warrior" is a detail from an ink on paper drawing.

Continuing To April 30: "Liban, L'Aure Rive." Art works that document the history of Lebanon through the Phoenician, Greek, Roman and Arabic periods.

GERMANY

FRANKFURT
Schirn Kunsthalle, tel. (69) 299-882-11, closed Mondays. To Jan. 22: "Treasures for King Zhao Mo: The Nan Yue Tomb." From the tomb of the self-declared emperor Zhao Mo, in the second century B.C., jade objects, bronze vessels, ceramics and weapons that were accidentally excavated by Chinese workers in 1983 in the heart of the southern city of Guangzhou.

ITALY

VENICE
Palazzo Grassi, tel. (041) 522-9875, open daily. Continuing To May 16: "I Maya." One hundred items trace the development of the Maya civilization, beliefs and rituals in Central America and Mexico.

JAPAN

TOKYO
Bunkamura Museum of Art, tel. (3) 3272-8500, open daily. To Feb. 14: "Masterpieces." On loan from the Musée de l'Orangerie. On loan from the Paris museum, 80 works by Cezanne, Renoir, Matisse and Picasso, from the Jean Walter and

More than 250 final versions of engravings, as well as copperplates, woodblocks and monotypes from the Musée Picasso in Paris.

SWEDEN

STOCKHOLM
Moderna Museet, tel. (8) 51-95-52-00, closed Mondays. To March 7: "Jean Fautner: Paintings, Sculptures, Works on Paper." To commemorate the centenary of the French painter's birth, the museum displays etchings, lithographs and sketches.

UNITED STATES

NEW YORK
Metropolitan Museum of Art, tel. (212) 570-3951, closed Mondays. Continuing To Jan. 3: "From Van Eyck to Bruegel: Early Netherlandish Painting in the Metropolitan Museum of Art." More than 140 works by Petrus Christus, Hans Memling, Gerard David, Rogier van der Weyden and Jan van Eyck, and one painting by Pieter Bruegel the Elder.

Solomon R. Guggenheim Museum, tel. (212) 423-3500, closed Thursdays. Continuing To Jan. 24: "Masterpieces." From Centre Georges Pompidou and Guggenheim Museums. A comparison of American and European approaches to collecting with more than 350 paintings, sculptures and drawings by 150 modern and contemporary artists, including Picasso, Matisse, Pollock, Dubuffet and Beuys.

WASHINGTON
National Geographic Headquarters, tel. (202) 857-7588, open daily. To Jan. 17: "Jade Ching Dynasty Treasures." On loan from the National Museum of History in Taiwan, more than 300 jade and rock carvings from the Ching dynasty China's last imperial dynasty (1644-1912).

CLOSING SOON

AMERICAS
To Dec. 13: "Letters in Gold: Ottoman Calligraphy." Metropolitan Museum of Art, New York.

ASIA
Dec. 15: "In the Footsteps of Buddha: An Iconic Journey from India to China." University Museum and Art Gallery, University of Hong Kong, Hong Kong.

EUROPE
Dec. 13: "Balla and Futurist Italy: Paintings From the Galleria Nazionale d'Arte Moderna, Rome." Estorick Collection of Modern Italian Art, London.

SEoul
63 Building, tel. (2) 789-6050, open daily. Continuing To Jan. 5: "Great Adventure Egypt." Egyptian artifacts, including some excavated in Tutankhamen's tomb.

SPAIN

BARCELONA
Museu Picasso, tel. (3) 319-6310, closed Mondays. To April 4: "Picasso: Engravings 1900-1942."

Compiled by Elisabeth Hopkins

MOVIE GUIDE

THE RUGRATS MOVIE

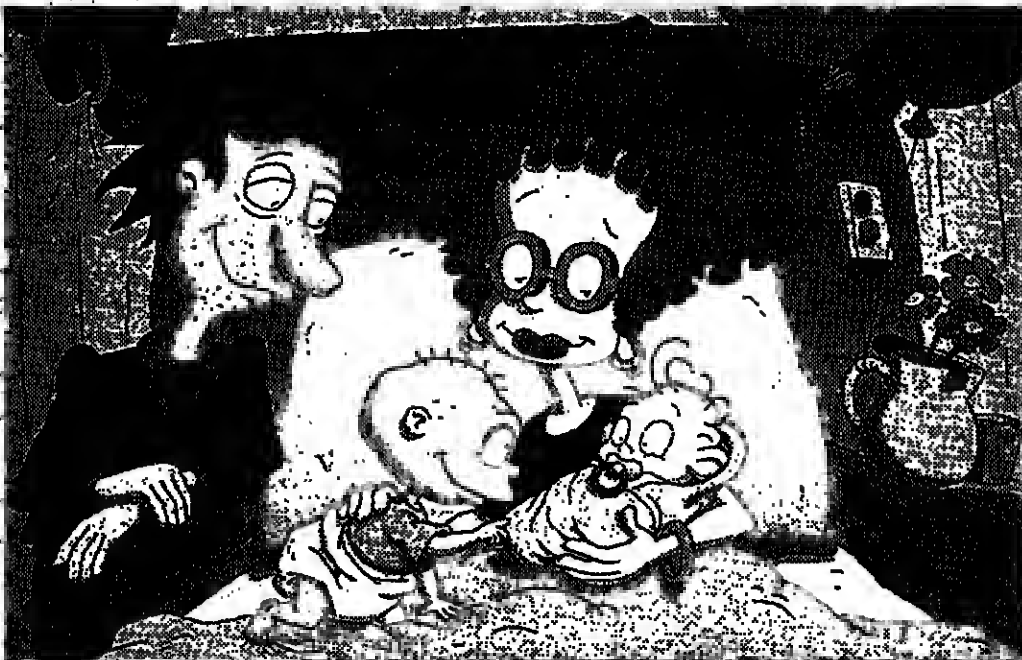
Directed by Norton Virgien and Igor Kovatkov. U.S.

Dil Pickles is not the first baby whose resentful older sibling wanted to return him to the hospital, but he's probably the only one who has such an interesting trip back. A talking wagon named Reptar takes him down the street, through the playground, into the back of a Night Matriess truck and into the forest, which is pretty scary. Luckily the whole "Rugrats" gang is with him. Yes, Dil (full name: Dylan Preston Pickles) is the newborn hero of "The Rugrats Movie," a film that had to happen. No popular children's television series goes unremade in these days, and "Rugrats" is the Nickelodeon channel's most popular. The pleasant surprise is that the film is a delight. The stars of "Rugrats" are five talking babies: Tommy Pickles, his cousin Chuckie Finster (a redhead who, despite his extreme youth, wears eyeglasses just like his father's), the twins Lil and Phil Deville, and the oldest child, Angelica Pickles, whose raison d'être seems to be misguiding the other babies. Tommy's mother, Didi, goes into labor at her baby shower, and everybody heads for the Lipshitz Maternity Hospital. This is the sort of place where an expectant mother might choose to deliver in the Tibetan Terrace Room. It also has a constantly changing Due/Arrived/Delayed chart just like the ones in airports. Tommy tries to like the baby, Dil, when he arrives, but the first thing Dil does is to grah and twist Tommy's nose. Four weeks later, Dil has pretty much taken over the household, and before you know it the babies are on the road, with Angelica and her treasured doll Cynthia not far behind. The guys' adventures in the woods include encounters with wolves, a supposed wizard and a troupe of out-of-control Russian circus monkeys. At one point, the monkeys kidnap Dil. It all seems pretty threatening, but at a screening the young audience was laughing rather than covering in fear. (Anita Gates, NYT)

LOS ANOS BARBAROS

Directed by Fernando Colomo. Spain.

Fernando Colomo has directed various light comedies among his 15 feature films, and in "The Stolen Years," based on a real-life escape by two university



A scene from "The Rugrats Movie," an animated feature based on the television series.

students from the Franco regime in 1948, he employs more comedy than drama. Unfortunately, the dramatic elements of the story are far more compelling than the humorous inventions added for the script, so while the film is pleasant to watch throughout — with spirited acting by the leading characters — the best moments focus on the tension and risk involved in the escape. In reality, it was two young American women living in Paris who helped the Spaniards to escape after they were sentenced to eight years in a labor camp for writing anti-Franco graffiti at a Madrid university. But for the film, one of the women is a Canadian. With the help of a French underground expert, the two women (played here by Hedy Burress and Allison Smith) rendezvous with

the male students near Madrid and, posing as tourists, drive in a red convertible across Spain toward France. They always stay a step ahead of their chief pursuer, a Franco loyalist (Juan Echanove), played here as a vain bungler along the lines of the Nazi prison commandant in the "Hogan's Heroes" television series. The fleeing quartet explore intellectual and sexual freedoms among themselves, and at times give the unimpressed impression that escaping from a harsh dictator was just a barrel of laughs. One of the two men who actually made the escape, Nicolas Sanchez Albornoz, was listed as a collaborator on the script, but the director also was a scriptwriter, and he tried to add levity to a story that needed few embellishments. (Al Goodman, IHT)

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China's Claim to Be on Track for 8% Growth in '98 Meets With Skepticism

Growing Fast—or Slow?

The Chinese government says its economy grew 7.3 percent in the first three quarters this year, thanks to stepped-up bank lending and capital investment spending.



...but key indicators suggest growth might be significantly slower than that.



Note: Percent change from same period a year ago; GDP and bank lending figures are through the end of September, others are through Oct. 31.

Sources: Chinese State Statistical Bureau, Brookings Institution

By Steven Mufson
Washington Post Service

WASHINGTON — A couple of months ago, an American academic visiting China was introduced to a person known to friends as "the wizard." The wizard, who worked at China's State Statistical Bureau, earned his nickname by getting real-life economic results to match the declarations of Chinese leaders.

This year, many analysts say, some sleight of hand has been employed to get China's economic growth figures to match the 8 percent that Prime Minister Zhu Rongji said he would "guarantee" for 1998. Though government spending and bank lending are up sharply, mostly flat figures for electric power consumption, railroad freight, imports, exports and foreign investment all point to an economy growing at only half that rate.

Meeting the 8 percent growth target has become a political test for Mr. Zhu. That figure took on another dimension this week as Chinese officials toured eight U.S.

cities to promote a government bond offering whose prospects asserted that growth would "approximate the targeted level of 8 percent."

On Wednesday, the underwriters of the bond announced that China had attracted enough investors to sell \$1 billion of the 10-year bonds priced to yield 7.346 percent, double the \$500 million initially planned.

It was only the second Asian government bond offering in 1998. The other, a \$4 billion South Korean government-backed bond floated in March to restructure existing South Korean debt, was done with the support of the International Monetary Fund. Investment bankers called China's bond issue "very successful," given the turmoil in emerging markets and the economic swoon in Asia over the past year.

"China wants to send a signal to the world that it has no problem raising capital at cost-effective rates," said Mark Barnford, an investment banker at Goldman, Sachs & Co. who helped syndicate China's bond offering.

Mr. Barnford noted that the spread of 2.8 percentage points be-

tween the yield on China's new bond issue and comparable U.S. Treasury bond yields was far narrower than the current spread of 4.3 points for South Korea and 4.5 points for the Philippines.

Still, the interest rate was high considering China's A3 credit rating from Moody's Investors Service Inc. and its \$140 billion of foreign-exchange reserves.

One of the key questions for investors is China's true growth rate, which Chinese leaders want to keep high to avoid potentially destabilizing unemployment problems.

The government figures in the bond prospectus say the Chinese economy grew at a 7.2 percent annual rate in the first half of the year and at a 7.6 percent rate in the third quarter, putting it within reach of the targeted 8 percent level for the year.

But many economists are not convinced.

Nicholas Lardy, an economist at the Brookings Institution and a specialist on the Chinese economy, pointed to several indicators of economic activity that seemed out of line with official growth figures:

Electric power consumption is up only 2 percent; freight transportation loads are flat compared with last year; imports slipped slightly in the first 10 months from the like period of 1997; exports — which make up almost 20 percent of gross domestic product — have edged up just 1.4 percent, and foreign direct investment, an important component of growth, was essentially flat at \$31.4 billion over the first nine months.

"The long-term growth rate may be overstated by one to two percentage points a year," Mr. Lardy said recently. But he added that China's economy was still growing at a pace that most countries would consider brisk. He said government spending and a flood of new loans by state-owned banks had helped increase investment spending for the country as a whole by 23 percent.

But Fred Hu, a Hong Kong-based economist for Goldman Sachs, questioned Mr. Lardy's skepticism.

"Government fiscal stimulus has worked," he argued. He said China's domestic demand had picked up, "driven mostly by infrastructure investment such as in

roads, tunnels and in residential housing construction, rather than in power-hungry manufacturing."

He said the shift in economic emphasis toward domestic stimulus explained why some traditional indicators were flat or only slightly higher than last year.

"This type of spending," he said, "takes mostly inputs such as cement, steel and labor, all in abundant supply domestically, with low import content — unlike investment in new manufacturing facilities, which require the importation of foreign machinery and equipment."

Mr. Lardy countered that the government's tweaking of domestic demand was not entirely reassuring, even if it helped growth rates. He said lending by state-owned banks in May through September had risen 50 percent from a year earlier, suggesting that the banks, already groaning under the weight of nonperforming loans that made up more than 20 percent of bank assets, were not being any more careful about credit analysis than in the past. That will only postpone the day of reckoning for the banking system, he said.

Falling Commodity Prices Squeeze Emerging Markets

By Jonathan Fierbringer
New York Times Service

NEW YORK — Plunging oil prices and the continuing decline of other commodity prices are renewing pressure on many of the emerging-market countries at the center of the current global financial crisis.

Many of the world's most troubled nations — either economically, politically or both — depend on the sale of commodities for a major portion of their economic growth, government revenue or both. Just look at a list of oil exporters: Russia, Venezuela, Mexico, Ecuador, Algeria, Nigeria, and Indonesia. All of these countries, and others, are getting less from commodities, whether they export oil, copper, platinum or zinc.

"My view is that the markets haven't sensed how serious this can be for the global economy," said Lawrence Brainard, head of emerging market research at Chase Securities. "I think it is a sleeper."

The intensifying commodity problem is expected to lead to bigger bond defaults in Russia and, at the least, sharp budget cuts in many Latin American and other countries that could aggravate political uncertainty. In addition, growth will slow in a world that, outside the United States and Europe, is already in recession or on the edge of one.

Commodity prices are one of the two ways the Asian financial crisis has been spread around the world. The other is stock markets, which have received more attention from investors. Lower commodity prices are mostly seen as a boon for investors, lowering their costs for gasoline, home heating oil, natural gas, food products and many manufactured products.

The stock markets in many of these countries are rebounding after interest-rate cuts by central banks in the United States and Europe and an International Monetary Fund



A woman searching through garbage in a Moscow suburb; falling commodity prices are worsening the economic squeeze.

rescue package for Brazil helped calm investors' fears of a global recession.

But there is no sign of renewed global demand that could stop the decline in commodity prices. Two closely followed indexes, the Goldman Sachs Commodity Index and the Commodity Research Bureau/Bridge Index, are both at their lowest levels in more than two decades. Commodities are so weak that Citigroup Inc. may sell its commodity business, Plafico Inc.

The drop in commodity prices from October 1997 — when the Asian crisis first affected the United States — until the end of

August was more dramatic and economically damaging than the decline in the past month. What worries analysts is that the new decline is a signal that prices will not turn around soon.

Matthew Sagers, director of energy service for PlanEcon, a consulting group specializing in the former Soviet Union and Eastern Europe, said the consensus on oil prices "is that we are going to be here for several years." Oil prices are at their lowest levels in more than a decade, with a barrel of the benchmark Brent crude for January delivery at \$9.80 a barrel in late trading Thursday.

Mr. Brainard and other analysts argue that an extended period of lost economic growth and reduced government revenue because of lower commodity prices will further pressure many already troubled governments and economies.

That in turn could intensify investor concern and weaken currencies. Higher interest rates to defend currencies would mean even slower growth.

The impact on Russia has been dramatic. Of its \$87 billion in 1997 exports, \$21.9

See COMMODITIES, Page 18

Clinton's Troubles Shake U.S. Stocks

Compiled by Our Staff From Dispatches

NEW YORK — The possible impeachment of President Bill Clinton combined with profit warnings from big U.S. blue-chip companies to drive down the U.S. stock market Thursday.

Investors seemed to have put the possibility of impeachment, and the political uncertainty it brings, behind them after a strong showing by the Democratic Party in elections in November. But now that the impeachment process is moving forward in the House of Representatives, they appear to be worrying again.

"There's a chance he could get impeached, and I think the market's hedging itself," said Peter Coolidge, senior equity trader at Breen Murray & Co. "The fear is that it will bring the legislative process into gridlock. That scares the markets." But impeachment would not mean removal from office, only a trial in the Senate that it appears Mr. Clinton could survive.

The Dow Jones industrial average closed 167.61 points lower at 8,841.58, and the Standard & Poor's 500 index ended 18.47 points lower at 1,165.02. Losing issues outnumbered gainers by a 3-to-1 ratio on the New York Stock Exchange. Even the technology-heavy Nasdaq composite index, which rose to a record twice this week, slumped; it finished 34.47 points lower at 2,015.95.

The U.S. economy has seen strong growth under Mr. Clinton, and the market was unnerved by the progress of the impeachment hearings in Washington.

"If you have an impeachment trial in the Senate, that's six months of where the government is basically paralyzed," said Greg Tuono, a money manager for Toucheville Asset Management.

Investors also were rattled by a profit warning from Merck and warnings from analysts on the profit potential at Coca-Cola, two companies that normally post solid results.

Coca-Cola makes 70 percent of its sales in non-U.S. markets, and a growing list of analysts are warning that the company is vulnerable to a world economic slowdown. Its shares fell 1 1/4 to 66.

Merck, the world's biggest drugmaker, warned that its earnings would not meet analysts' expectations because of spending to hire new sales people and to introduce Vioxx, a painkiller. Its stock fell 6 13/16 to 145 1/4.

"The concern right now is earnings pre-announcements," said Barry Berman, head trader at Robert W. Baird & Co. "What

See MARKET, Page 16

Citing Asia, Italian Group Cuts Growth Forecast

By Daniel Liefgreen
Special to the Herald Tribune

ROME — Italy's powerful industrialists' association Confindustria said Thursday it had underestimated the economic impact of the Asian crisis, which was hurting companies more severely than expected by ushering in a wave of low-priced Asian imports, undermining Italian competitiveness.

Adalberto Guidi, head of Confindustria's research office said that with only about 20 days to go before the start of the euro, the delay of Italy's recovery compared with the rest of Europe was "much higher."

Confindustria's chief economist, a former Bank of

Italy official, Giampaolo Galli, added, "Italy was hit by the Asian crisis in a deeper fashion than expected, compared with other European countries."

Mr. Galli said forecasts made by Confindustria this year about the impact of the Asian factor as among the main reasons for sharply revising downward its 1998 and 1999 growth forecasts. It said Italy's gross domestic product growth would be only an estimated 1.3 percent this year and 1.9 percent in 1999.

In September, Confindustria forecast Italy's economic growth at 2.1 percent for 1998 and 2.5 percent for next year.

Mr. Guidi said economic forecasts placed GDP growth

identified those countries as Thailand, Malaysia, Indonesia and South Korea.

Mr. Galli also said Italy's imports from South Korea increased 47 percent during the period, while exports have remained stagnant.

Confindustria cited the Asian factor as among the main reasons for sharply revising downward its 1998 and 1999 growth forecasts. It said Italy's gross domestic product growth would be only an estimated 1.3 percent this year and 1.9 percent in 1999.

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Mr. Guidi said economic forecasts placed GDP growth

between 2.5 percent and 3.5 percent in other European countries this year. He noted that the latest growth forecasts from the Paris-based Organization for Economic Cooperation and Development for the 11 countries forming Europe's single currency were for 2.9 percent this year and 2.5 percent in 1999.

Because of the weak growth prospects, Italy's unemployment rate, which is already among the highest in the euro zone, is expected by Confindustria to remain around the current level of 12 percent next year. The jobless rate is even higher in the depressed southern region of the country, at around 22 percent, although Confindustria said there were "positive signals" regarding a

pickup of economic activity in the area.

Confindustria's new forecasts, released Thursday, are generally more pessimistic than those of other prominent Italian economists and research institutes. The government-run ISTAT institute, for example, sees GDP growth of 1.5 percent this year and 2.0 percent in 1999. The government's original forecast for 1998 growth was 2.5 percent, but that was cut to 1.8 percent in September, after the financial crisis in Russia.

"We are not so pessimistic about growth prospects in Italy," said Rodolfo Dozio, an economist at Banca Commerciale Italiana in Milan. He said there were signs that retail sales were picking up and that consumer confidence had recovered in the past two months after hitting a low for the year in September. BCI is forecasting growth of around 1.7 to 1.8 percent this year and 2.0 percent next year.

"I don't see so many negative signals," Mr. Dozio said. He said Confindustria's harsher view may mean it is taking out a position on the economy in advance of key wage talks next year.

Confindustria, as Italy's largest employers' association, also is involved in three-way talks with the government and labor unions to find an agreement to promote employment growth and spur investment.

Mr. Dozio also said that while he agreed that the impact from Asia had been "underestimated," he said Italy's exports to Asia still accounted for only a small percentage of output, compared with many of its European Union partners and the United States and Britain. "Reviving domestic demand is the bigger problem," Banca Commerciale Italiana's economist said.

CURRENCY & INTEREST RATES

Dec. 1984										Dec. 1984									
Cross Rates										Libor-Libor Rates									
	US\$	DM	FF	Yen	GBP	HK\$	NT\$	INR	Other		1-month	3-month	6-month	9-month	12-month	15-month	18-month	21-month	24-month
Australia	1.48	1.11	1.10	0.55	0.13	1.11	1.11	1.11	1.11	1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Canada	0.62	0.47	0.46	0.23	0.05	0.62	0.62	0.62	0.62	3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
France	1.66	1.26	1.00	0.50	0.13	1.66	1.66	1.66	1.66	6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Germany	1.66	1.26	1.00	0.50	0.13	1.66	1.66	1.66	1.66	9-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Italy	1.93	1.45	1.16	0.58	0.15	1.93	1.93	1.93	1.93	12-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Japan	1.11	0.84	0.83	1.00	0.25	1.11	1.11	1.11	1.11	15-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
UK	0.62	0.47	0.46	0.23	0.05	0.62	0.62	0.62	0.62	18-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
US\$	1.00	0.63	0.64	0.01	0.00	1.00	1.00	1.00	1.00	21-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
DM	0.63	1.00	0.78	0.01	0.00	0.63	0.63	0.63	0.63	24-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
FF	0.64	0.78	1.00	0.01	0.00	0.64	0.64	0.64	0.64										
Yen	0.01	0.01	0.01	1.00	0.00	0.01	0.01	0.01	0.01										
GBP	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00										
HK\$	7.76	4.76	4.76	0.08	0.00	7.76	7.76	7.76	7.76										
NT\$	36.36	21.48	21.48	0.34	0.00	36.36	36.36	36.36	36.36										
INR	47.83	28.83	28.83	0.01	0.00	47.83	47.83	47.83	47.83										
Other	1.11	0.63	0.64	0.01	0.00	1.11	1.11	1.11	1.11										
Cash rates applicable to interbank deposits of \$1 million minimum for equivalent.																			
Key Money Rates																			
	1-month	3-month	6-month	9-month	12-month	15-month	18-month	21-month	24-month		1-month	3-month	6-month	9-month	12-month	15-month	18-month	21-month	24-month
US\$	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
DM	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
FF	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Yen	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	9-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
GBP	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	12-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
HK\$	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	15-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
NT\$	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	18-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
INR	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	21-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Other	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	24-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Cash rates applicable to interbank deposits of \$1 million minimum for equivalent.																			
Forward Rates																			
	1-month	3-month	6-month	9-month	12-month	15-month	18-month	21-month	24-month		1-month	3-month	6-month	9-month	12-month	15-month	18-month	21-month	24-month
US\$	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
DM	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
FF	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Yen	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	9-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
GBP	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	12-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
HK\$	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	15-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
NT\$	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	18-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
INR	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	21-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Other	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	24-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

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Microsoft	100.00	+2.00	1,100,000
Apple	75.00	+1.00	1,000,000
Oracle	60.00	+1.00	900,000
Amazon	45.00	+1.00	800,000
Google	35.00	+1.00	700,000
Yahoo	25.00	+1.00	600,000
Alibaba	15.00	+1.00	500,000
Facebook	10.00	+1.00	400,000
Twitter	5.00	+1.00	300,000

Symbol	Price	Change	Volume
Microsoft	100.00	+2.00	1,100,000
IBM	125.00	+1.00	1,200,000
Apple	75.00	+1.00	1,000,000
Oracle	60.00	+1.00	900,000
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VESTING IN

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INVESTING IN CENTRAL AND EASTERN EUROPE

INVESTORS SHOW CONFIDENCE IN CEE

Despite Russian crisis, key indicators are positive.

The reports appearing in the world's business journals paint a gloomy economic picture of the 16 countries comprising the Central and Eastern European (CEE) region. According to these reports, each country is in worsening shape, with more trouble on the way. The causes are ascribed to the prolonged crisis in Russia, where GDP is expected to shrink 6 percent in 1998, or the countries' failure to carry out major restructuring in their industrial and financial sectors, or both.

The exceptions are Poland, Hungary and Slovenia, which, along with Estonia and the Czech Republic, are currently negotiating the terms of their accession to the European Union.

A reading of the latest statistics, however, shows a far more positive picture and reveals the region's underlying strength, which is expected to impel the EU accession process and the further integration of the region into the world economy.

According to the International Monetary Fund's October 1998 Economic Outlook, 14 of the countries in the region (the exceptions are Romania and Ukraine) will show GDP growth in 1998. The IMF predicts that 12 countries will show growth of 4 percent or more, which analysts consider the boundary between good and excellent growth.

Excluding the Commonwealth of Independent States

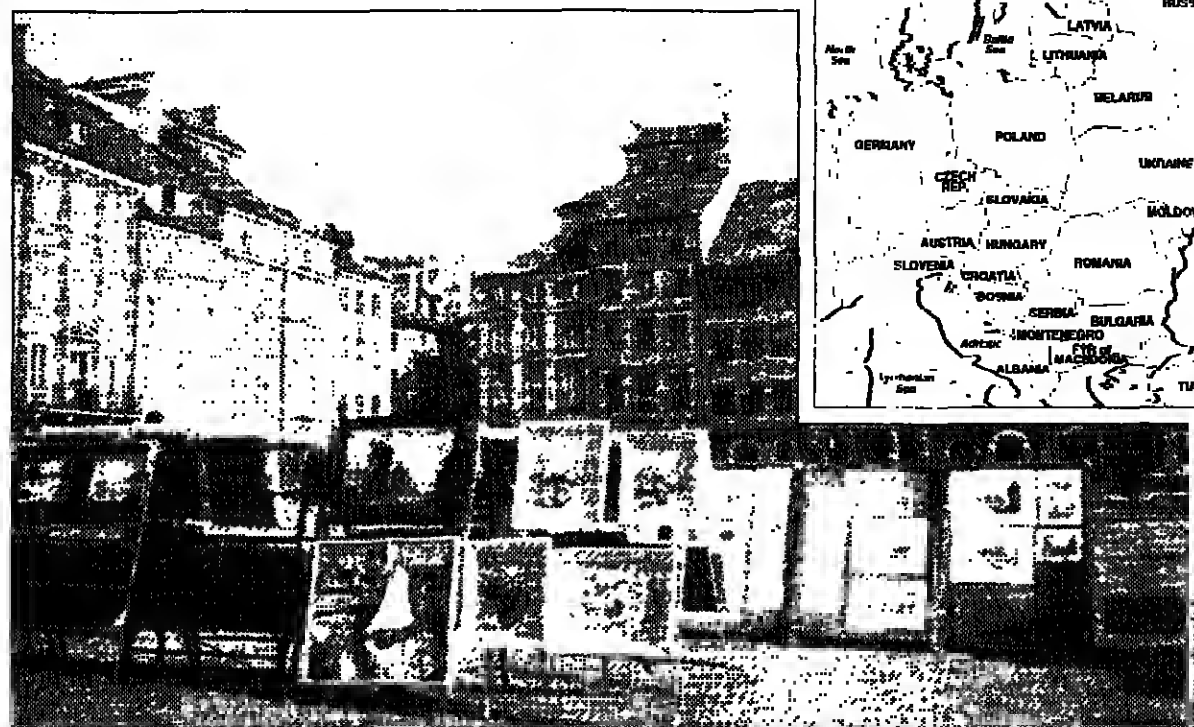
(Belarus and Ukraine) the European Bank for Reconstruction and Development expects the CEE to grow at a rate of 3 percent this year and 3.5 percent in 1999, allowing it to keep pace with the EU.

Even better are the figures for industrial production. With the exceptions of Romania and Ukraine, all of the countries' manufacturing sectors are recording rises in output. Latvia, Hungary and Croatia are showing growth of more than 10 percent.

Foreign direct investment
The best vote of confidence in the CEE comes from the international business community. There has been no massive withdrawal of funds from the region and foreign concerns continued to invest heavily in the countries making certifiable economic progress and in sectors of demonstrable growth and promise.

A further \$15.4 billion is set to flow into the region in 1998, just short of 1997's record total of \$17.1 billion, reports the EBRD. Leading the pack were, once more, Poland, which has already received \$6.6 billion this year, and Hungary, with \$5 billion.

Other countries currently enjoying investor confidence were widely regarded as doubtful prospects a year or two ago. Bulgaria, for example, where GDP is set to grow at a rate of 5.5 percent in 1998 according to the IMF, has received some \$500 mil-



Attractive sectors for investment, like telecommunications, banking and tourism, are helping the region ride out the economic storm.

lion in foreign capital over the past 12 months. An equally large amount flowed into Croatia, where GDP grew 6.5 percent in 1997, with 5.0 expected this year. Albania is expected to grow at a 7 percent annual rate over the next decade, putting the country at the top of Europe's growth rankings.

These results give reason to hope that this year's candidates for urgent action — principally post-Meciar Slovakia — will also manage quick turnarounds.

A number of record-sized individual transactions accounted for a large part of the national figures. Notable among them is the privatization of up to 25 percent of Telekomunikacja Polska,

Poland's national telecoms company, which is expected to reap between \$5 billion and \$8 billion for the Polish state, making it the largest single privatization transaction in the post-Cold War CEE.

Trade in the region is also showing strong growth. Even of the countries are recording rises in exports, led by such devaluation-strengthened countries as the Czech Republic, whose exports have risen by 18 percent over the past 12 months. Increased exports have helped seven of the countries record an improvement in their trade balance, which remains the number-one problem in the region. Some countries, like Slovakia, are recording deficits of more than 7 percent.

The rise in exports is remarkable, considering that Russia was becoming, once again, an important customer for Central Europe's manufacturers.

The effects of the crisis in Russia have been felt in the region's banking sector, which has seen a raft of state-supported pump-ups and fire sales of weak banks, but no sudden falls from grace. The public sector rescues are ex-

pected to have a salutary effect because they will force the other CEE countries to follow the lead of Hungary, Poland and the Baltic nations in opening their banking sectors to foreign ownership and operation. Notable in this regard is the Czech Republic, set to allow the "foreignizing" of three of its four largest banks (the third largest, IPB, is already in Japanese hands). •

OUTLOOK FOR GROWTH

	1996	Real GDP	1997	1998*
Central and Eastern Europe	1.6	2.8	3.4	
Excluding Belarus and Ukraine	3.7	3.2	3.7	
Albania	9.1	-7.0	10.0	
Belarus	2.8	10.4	7.0	
Bulgaria	-10.9	-6.9	5.5	
Croatia	6.0	6.5	5.0	
Czech Republic	3.9	1.0	1.0	
Estonia	4.0	10.9	6.0	
Hungary	1.3	4.4	5.2	
Latvia	3.3	6.5	6.0	
Lithuania	4.7	5.7	6.0	
Macedonia, former Yugoslav Rep. of	0.8	1.5	5.0	
Moldova	-7.8	1.3	3.0	
Poland	6.1	6.9	5.8	
Romania	3.9	-6.6	-4.0	
Slovak Republic	6.6	6.5	4.0	
Slovenia	3.1	3.8	4.4	
Ukraine	-10.0	-3.2	-0.1	

* Estimate

Source: International Monetary Fund Economic Outlook, Oct. 1998

LOWER AUSTRIA: KEY BUSINESS PARTNER

Lower Austria is confident in the strength and future potential of the CEE region.

One of the world's two major economic crises hasn't much affected local business in the CEE (Central and Eastern Europe) region's East-West border areas. The other may give it a great boost.

According to Ilan Knapp of Eco Plus GmbH, the province of Lower Austria's regional development corporation: "The Russian crisis hasn't yet had any appreciable impact on day-to-day business life in our neck of the CEE — the southern parts of the Czech Republic and Eastern Slovakia, both of which border on Lower Austria. Nor are the region's local companies paying much attention to the goings-on in Moscow or Kiev. Rather, as has always been the case, the

companies are fully occupied with the solving of their own particular problems and with exploiting whatever opportunities happen to turn up." Mr. Knapp is an expert with 25 years of experience in promoting and analyzing East-West business relationships. This is one of his areas of responsibility at Eco Plus.

Cross-border investment
Over the last decade, Lower Austria's state government, often via Eco Plus, has concerted and successfully striven to parlay the state's geographic position into a business asset. The corporation and its Czech counterpart have, for instance, set up a transnational incubation center. Acting both in its own right and for such interna-

tional organizations as the European Union, Eco Plus has lead-managed the setting up of cross-border business development networks. In doing so, the corporation has amassed considerable expertise in establishing East-West business relationships. According to Mr. Knapp, a dichotomy has emerged from these relationships. "There's been a large amount of West-to-East investment, with the bulk being carried out by multinational corporations. Cross-border SME (small and medium-sized enterprises)-to-SME working relationships are, however, neither as plentiful or productive as we would desire them to be."

Part of the problem is the SMEs' lack of transnational vision. "Not enough companies are looking to see what's available across the border," says Mr. Knapp.

This refusal to think internationally may be about to change as a result of outside stimulation. Lower Austria may well be the venue of a new wave of inward invest-

ment, according to Mr. Knapp.

"We've recently put out a handbook on the dos and don'ts of cross-border investment, and we're noticing strong demand for it from companies based in Israel, Scandinavia and other countries and regions," he says.

The reason for this interest? For Mr. Knapp, it is a byproduct of the Asian crisis, which has led a number of former Asia-minded companies to take a new, serious look at the CEE market, which also offers low operating costs, a much greater degree of economic stability, and the opportunity to locate a regional headquarters in a nearby Western area, such as Lower Austria.

"We envision a number of new, albeit small-sized office start-ups being carried out by CEE-minded international companies within the next year or so. The companies' cross-border business dealings, in turn, could serve as a further prod for our SMEs to follow suit," he says. •

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PROGRAM DIRECTOR: Bill Mahler.

The best business location is useless if there's no room for growth.



In Lower Austria, the federal state surrounding Vienna, even the most ambitious projects are not likely to be held back. On the contrary, Lower Austria offers attractive business locations at favourable prices with efficient infrastructure and modern facilities for companies. Lower Austria also has the closest ties to the new Central and Eastern European markets. Interested in getting our projects off a running start? Contact Mrs. Patzelt at 00 43 1 513 78 50 or <http://www.ecoplus.co.at>. She will be delighted to advise you.



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WAKE-UP CALL FOR TELECOMS INDUSTRY

Sector is set for double-digit expansion.

According to a study conducted by Czech Invest, the Czech business development agency, Hungary is the fastest-growing telecoms market in the Central and Eastern European (CEE) region. The report says that by 2000, the number of telephone lines per 100 inhabitants in Hungary will grow by 43 percent, followed by the Czech Republic at 42 percent and Poland at 40 percent.

Hungary, although relatively small, is also the CEE region's largest mobile market. According to research by Finnish telecoms company Nokia, the country is home to 40 percent of mobile phone users in the entire region.

Advanced technologies

This rapid expansion has triggered an influx of foreign-owned network operators into Hungary. One of the latest arrivals is Germany's RWE. The energy and communications giant is heading the Novacom consortium, which is bidding to become Hungary's third national telecoms provider, along with Matáv and Pantel.

Novacom is planning to enter the country's competitive mobile market and has announced it will focus on the corporate sector. This segment is being targeted by three other foreign-owned telecoms firms — GTS Hungary Telecommunications, Antenna Hungaria and Formus Communications — each of which is striving to achieve cost-efficiency by setting up microwave-based grids.

This is just one of the advanced wireless technologies being deployed or tested in Hungary. Another is the digital-based TETRA (Terrestrial Trunked Radio), which offers optimal usage of radio frequencies, high-speed

data transfer and group call capabilities rivaling those of mobile telephone networks. Its advantages also include security of communication and for that reason, it will probably be used by police officers, firefighters and other mission-critical users.

TETRA networks are now being set up throughout Western Europe. The field trials in Hungary represent the launch of this communication technology in the CEE region, reports Nokia, the world's leading supplier of TETRA infrastructure.

It is no accident that Hungary should be Nokia's development market for the new technology, since Hungary has become one of Nokia's main focuses in the CEE region. The company supplied a complete network to Pantel GSM, operator of one of Hungary's new mobile telephone networks, and Nokia's mobile telephones are in wide use in the country.

Many of these phones will be produced in Hungary itself, at Nokia's new production plant, its second in the country. The other plant, located in Pécs, has been producing computer monitors since 1996.

These are just two of the new facilities the company has set up in Hungary. The others include centers developing mobile switching software, third-generation GSM switching technologies (UMTS) and WAP (wireless application protocol) applications. Nokia employs some 1,400 people in Hungary. Elsewhere in the region, Nokia and the leading Czech operator EuroTel Praha have signed a three-year framework agreement for a GSM 900 network expansion. •



If you really want to make money with your fixed network, you've got to exploit the Internet to the maximum.

The hunger for exciting multimedia is driving up connection speeds. That means broadband.

What you need is a knowledgeable partner like Nokia to make it happen. As a total fixed network solutions provider, we make it easy for you to grow from narrowband to broadband.

And what's more, we have the experience in complex markets to make the change go smoothly.

So keep your cool and the Internet hot with Nokia.

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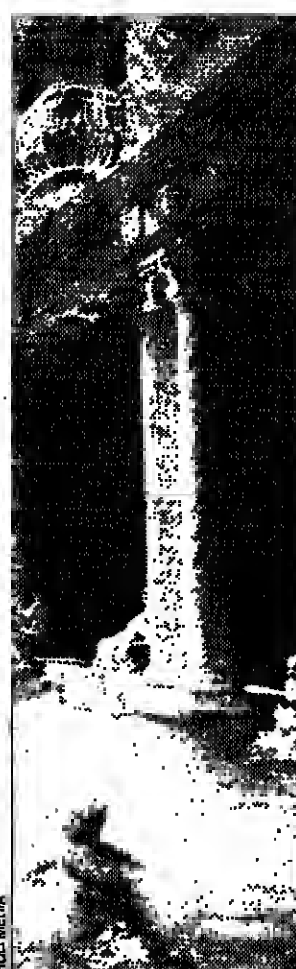
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HUNGARY AND THE EU

With its economy set to grow 5.2 percent this year, Hungary is well-placed to succeed in its goal of joining the European Union. The country's strengths include strong trade, an innovative high-tech sector, low unemployment, an attractive climate for investors and a wealth of activities and landscapes to tempt visitors. Clockwise from top: Chain Bridge, the Gellért Baths in Budapest, Hungary's Foreign Minister Janos Martonyi (left) with Austrian Foreign Minister Wolfgang Schüssel, a traditional church in northwestern Hungary.



SPOTLIGHT ON HUNGARY

Official name: The Republic of Hungary
Area: 93,000 square kilometers
Population: 10.25 million
Capital: Budapest (pop.: 1.93 million)
Other major cities:
Debrecen (210,000)
Miskolc (182,000)
Szeged (169,000)
Pecs (163,000)
Győr (131,000)

THE WORD FROM THE EUROPEAN NEGOTIATING TABLE

Hungary's accession to the EU is right on track

On Nov. 10, 1998, "N-Day" finally arrived. After five years of heated speculation about the terms and ramifications of accession, the European Union and six countries — five of them, the Czech Republic, Estonia, Hungary, Poland and Slovenia, from the Central and East European (CEE) region — began head-to-head negotiations.

The first round of negotiations concluded with a ringing, if diplomatic, declaration from Wolfgang Schüssel, Austria's minister of foreign affairs. Austria currently holds the presidency of the Council of the European Union and in this capacity is lead-managing the negotiations.

"We've gotten off to a good beginning for real negotiations, and nothing's going to stop this process," Mr. Schüssel stated on Nov. 11.

"The negotiations have indeed covered a great deal of ground in a very short time," agrees Janos Martonyi, Hungary's foreign minister. "No less than seven chapters were considered. Significant progress was made on four, and three were set aside for further presentation," he adds.

In EU parlance, a chapter is a subject area. The November negotiations covered several important chapters, including small and medium-sized enterprises, support for the sciences and research, telecommunication, education and others.

Germany will assume the EU presidency on Jan. 1, 1999. Negotiations on a further eight chapters are scheduled to be conducted by the end of Germany's presidency on June 30, 1999. The chapters include equally important items on the accession agenda: the movement of goods, customs, unions and fair trade.

"The German government has made its commitment to detailed and purposeful negotiations quite clear," says Mr. Martonyi, key formulator of Hungary's economic and foreign policies during the 1990s. "For that reason, I am quite optimistic that this timetable will be respected."

Parallelism
For Mr. Martonyi, the negotiations' speed and success are important. Equally important is the adoption of the principle of "parallelism," meaning that each accession country carries out its own negotiating process.

"Each of the accession countries has a very individual set of conditions and accomplishments, ones that could and would not be effectively considered by grouping all accession candidates in a single bloc of negotiating parties," the foreign minister says.

These accomplishments and conditions are detailed in the EU Commission's first annual evaluation of the accession candidates.

The report praised the extent and depth of Hungary's preparations for accession, including the enactment of the vast body of required enabling legislation and the achievement of what is termed "economic, political and social congruence."

DRIVING ECONOMIC GROWTH

Rather than resting on its laurels, Hungary is taking on unfinished business.

The international community is highly satisfied with the state of Hungary's economy, with only one exception: the Hungarians themselves.

A few key indicators reveal why the world is impressed with the Hungarian economy. In a time of faltering growth both within and without the Central and East European (CEE) region, Hungary is set to turn in a 5.2 percent rate of GDP growth in 1998, according to the International Monetary Fund, surpassing 1997's strong performance.

As has been the case for the last five years, the country's manufacturing sector constitutes the prime engine of economic growth. As of Sept. 30, Hungary's industrial output was running 14 percent higher than a year previously. This came on the heels of large-scale increases in 1996 and 1997.

Strong performance

The increases are being fueled by the country's success in selling its advanced products abroad. As of August 1998, Hungary's exports were up 21 percent over the previous year, with imports showing an equal rise. The sum of these two figures has allowed Hungary to maintain its respectable 2.1

percent current account deficit. The fastest-growing export category is industrial equipment, up a strong 59 percent during the first half of 1998.

The country's other key indicators are also showing a marked improvement. Defined as the output per employee, real manufacturing productivity (expressed in dollars) increased 13.6 percent in the first half of 1998, far outpacing the 4.7 percent rise in real wages. The differential means that Hungary has preserved its price competitiveness on international markets.

The increase in manufacturing activity has, in turn, created new jobs and reduced unemployment to enviably low levels. An 11 percent rise (first half of 1998) in the industrial sector's workforce helped reduce the unemployment rate to 8 percent — one of the best marks in the CEE region and reasonable even by European standards.

The increases in real wages and employment are manifested in the growth of Hungary's consumer sector, with retail sales up by 3.7 percent in the first half of 1998.

According to the latest forecasts, the Hungarian economy is set to turn in another strong performance in 1999.



Why then are Hungary's leading economic policy-makers dissatisfied?

"I'm not dissatisfied with the amount of growth, but there's room for improvement in its spread, where it's emanating from and where it's going in Hungary," says Attila Chikan, the country's new minister of economic affairs and one of Hungary's most distinguished economists.

Mr. Chikan explains: "In Hungary, thanks to the massive and highly welcome inflow of inward investment — some \$18 billion at latest count — we've seen a new 'international sector' come into being. It produces computers, communications devices, automotive supplies and other advanced items, and is concentrated in the western part of our country. This sector is served by an extensive network



Viktor Orbán, prime minister of Hungary.

Continued on page 23

OPEN DOORS. OPEN HEARTS. OPEN MINDS.

Visitors to Hungary experience friendliness and cordial hospitality all along, also when they wish to get acquainted with the nuances of Hungarian culture. The homeland of Zoltán Kodály, the world famous composer and teacher of music, is called deservedly the country of Festivals: art celebrates its festive days here throughout the year. It is not easy to choose from the rich cultural programmes offered: beside the comprehensive range of programmes of the Spring and Autumn Festivals, various branches of art go on parade. The list includes the Folklore and Old Crafts Festival, organ concerts, an Opera and Ballet Festival, open-air performances, medieval games, theatres, museums and galleries. Alongside these events, the traveller may admire the wonderful historic monuments of the country. Hungary does not only offer you a vacation rich in cultural experience — wherever you come from, you will encounter heartfelt Hungarian hospitality, too.

Did you know that it was a Hungarian who taught almost the whole world to sing?

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QUIET PROGRESS FOR THE FINANCIAL COMMUNITY

Financial sector is holding the course in an unsteady year.

This has probably been the quietest year in the turbulent history of Hungary's financial sector. One major restructuring and recapitalization: the \$900 million bailout of the country's large Postbank; several brokerage failures; another possible privatization: of Konzombank, the country's 20th largest bank; and ongoing steadiness in the financial sector's key indicators were the year's only noteworthy events.

"I think this quiet is perhaps our great achievement," says György Suranyi, the president of the National Bank of Hungary, the country's central bank. "It came, after all, in a year of great upheavals on the world's financial markets."

External causes

These upheavals were, of course, caused by the economic disarray in Asia

and in Russia. The latter particularly affected the rest of the CEE region, exacerbating the crises plaguing most of the region's national banking sectors. The crises, in turn, have resulted from the countries' failure to follow what has come to be called the "Hungarian model." Its basic elements are a widespread selling off of the country's banks to the best bidders in an open and fair procedure.

The model has produced a sector capable of handling its prime responsibilities: keeping an ample flow of capital circulating through the country's economy while maintaining its solvency.

As of July 1998, the total amount of credits supplied to Hungary's business community came to nearly 2 trillion



Hungary has a modern, solvent banking sector.

forints (\$9.1 billion), up 11 percent in real terms (after allowing for inflation) over the previous year's figures. According to Miklós Blaha, spokesman for the National Bank, Hungary's average capital adequacy ratio is 15.5 percent.

IN A WORD

KEY PLAYER IN THE REGION AND IN EUROPE AT LARGE

An interview with Hungarian Foreign Minister Janos Martonyi.

Born in 1944, Janos Martonyi holds a doctorate in international jurisprudence. In the course of his distinguished career, he has held a number of chairs. He currently heads the Institute of private international law at the University of Szeged. After having served as a trade expert, Mr. Martonyi held a succession of senior governmental positions in post-revolution Hungary. He headed the country's new privatization program and served as state secretary at Hungary's Ministry of International Economic Relations and Ministry of Foreign Affairs. Before

being named to his current position, he was managing partner of the Budapest office of an international law firm.

In the era of EU accession, what role does the Central European Free Trade Association (CEFTA) have to play in the region?

The key fact about CEFTA is that all of its member states are also associate members of the European Union. All of the trade-promotion measures enacted by CEFTA — which have produced the ongoing rise in intra-regional exchange of goods and services — have been in accord-

ance with those in force in the Union. This means that these measures, in fact, represent very valuable preparations by CEFTA's members for accession to the EU.

What are the implications of Hungary's membership in NATO?

One change involves when and how we provide input into NATO's decision-making processes. In our pre-membership days, it was often the case that this input was supplied after the members had stated their positions or as an ancillary part of the process. Now we sit at the main table.



We have our say in all alliance-wide matters, including such issues as NATO's response to the Kosovo crisis. In fact, because we are located in the CEE region, there's a tendency to view us as being the alliance's "resident experts" on all issues affecting Eastern and Southern Europe. It's a responsibility we are striving to live up to.

HUNGARY AND THE EU

THE TOURISTS ARE COMING — AND COMING TO STAY

Tourism trends: wider travels and longer stays.

Hungary's tourist authorities have been busy taking the country apart. "We've turned our country into an assemblage of tourist-sized pieces, nine in all, each with its own distinctive identity and set of culinary, cultural and sporting attractions," says Istvan Meggyes, head of the Hungarian National Tourist Office. "Our objective is to make it very clear to the world that there's a lot more to our country than simply the two Bs — Budapest and [Lake] Balaton."

Nonetheless, the two Bs have been serving the Hungarian tourism industry well. In all areas except total arrivals, 1997 was another strong year for the country's industry, which ranks among the world's 10 largest, according to the World Tourism Organization. More than 37 million visitors came to the country, 6.3 percent fewer than the previous year.

The decline was largely attributable to the slump in transit travelers going to and from the Commonwealth of Independent States and other Southern and East European destinations, says the WTO. Hard-currency earnings — the best indicator of the size and health of the country's tourist sector — reached the \$2.6 billion mark, up 15 percent over 1996's record figure, says the National Bank of Hungary. The WTO forecasts that the figure for 1998 will be \$2.8 billion. Also rising in 1997 was the average length of stay, which came to 7.6 days, 13 percent longer than in 1996.

Expatriate community

The latter figure raises an interesting point. Where are the tourists spending their extra time in Hungary?

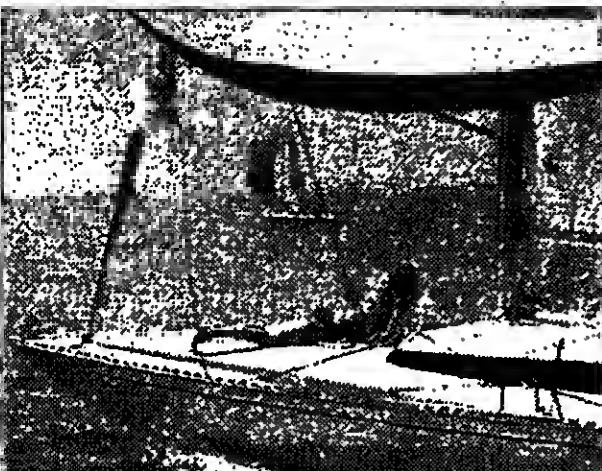
Answers Mr. Meggyes: "Discovering the rest of the country, the non 'B and B' parts. And this is a trend our marketing campaign intends to further. One of its targets are those tourists who had their appetites whetted during their first or even second visit to Hungary, to the two Bs, and are now eager to get know the rest of the country."

In launching its campaign, Hungary's tourist authority is taking advantage of its network of 17 representative and four information offices, which are located in the world's major tourist markets.

The campaign is also being boosted by another potent, if unofficial, network: the increasing number of non-Hungarians living in the country.

Post-revolution Hungary has always had a large expatriate community thanks to the large number of non-Hungarian companies that have set up shop in the country — 34,000 at latest count. The community is based in Budapest, Győr, Szekesfehervar, Sopron and other centers of international business. A large and growing group of teachers working at Hungary's business and language schools, journalists (staffing the Budapest Sun, Budapest Business News and other, informative English-language publications) and other professionals are thriving by providing services to businesspeople and their families.

What is new is that expatriates are to be found throughout the country. Profiting from Hungary's open-market conditions, the expatriates have purchased vineyards in Tokaj, Szekszard, Mór and the 19 other Hungarian wine-growing areas; farmsteads in the *puszta* (Hungary's eastern prairies); and vacation homes all over the country. "Foreigners have



For vacationers seeking to get away from it all, Hungary offers an extraordinary variety of tourist activities throughout the country. The possibilities range from discovering Hungary's vast cultural riches, vineyards and famous thermal baths to enjoying its natural beauty through outdoor activities like horseback riding, water sports, hiking, bicycle touring and more.

purchased some 50,000 houses this year alone," says Mr. Meggyes.

The new generation of expatriates has wasted no time in delivering word-of-mouth reports on the delights of Hungary's countryside to family and friends, further driving the rise of tourism.

"We're definitely on a winning streak," says Mr. Meggyes.

HIGH-TECH INNOVATORS LEAD THE WAY

Fast-growing high-tech companies drive development.

Besides being ranked among the shooting stars in Hungary's information and communication technology (ICT) sector, Synergon and Graphisoft apparently have nothing in common except the wellspring of their success — "Hungary's large pool of high-tech innovators," according to Ferenc Czako, cofounder and chief operating officer of Synergon.

The differences between the two companies are striking. Graphisoft has developed a single-sector range of products — primarily CAD (computer-aided design) tools for architects. From its inception in 1982, the company has served the world market. Synergon has thrived by offering a wide range of network products and related services to Hungary's expanding corporate sector.

Customized products

There is even a generational difference. Graphisoft was founded by Gabor Bojar, then a physicist, in 1982, the year the Communist regime promulgated a new law authorizing the establishment of such companies. For Mr. Bojar, the law represented the starting gun, allowing him to rush to exploit an emerging opportunity.

"My plan was to develop a new niche product. I figured that all of the ICT's major, existing areas were well-covered by the international heavyweights," he says.

His product of choice: CAD tools for architects. It proved to be a brilliant decision. Today, with a full range of design and sales-facilitating programs for the construction industry, Graphisoft employs 210 people and had a turnover of \$22 million in 1997. The company boasts a clutch of "firsts" and prizes. It was the first Hungarian high-tech company to go public outside the country, on Frankfurt's New Market. It is still the only non-German company listed on the exchange.

Synergon, on the other hand, is very much a product of post-revolution Hungary. It was founded in 1990 on the heels of the country's return to democracy. The company's two founders, also students of physics, perceived a window of opportunity. The backbone of advanced, high-capacity communication grids — fiber-optic links — had not yet been introduced in Hungary, so the two students went about doing so.

Two-way street

The fledgling company's first customers were university departments, governmental agencies and other users. Building on its initial successes, Synergon systematically entered nearly all of the ICT sector's multi-user fields, including POS (point-of-sale) and database management systems. Along the way, it has become the prime interface between the Hungarian market and the rest of the ICT world.

"It's a two-way relationship of great depth," points out Mr. Czako. "We customize products and programs for our customers, Hungary's large and medium-sized corporations. This customizing extends to our using existing items as platforms for the development of new applications. In turn, we feed these innovations back to the international companies that originally created them."

The formula has proven highly successful for Synergon, today a company employing 600, with revenues of 4.6 billion forints (\$20.9 million) in 1997, up 63 percent over 1996.

Neither company, by the way, is happy with being called a diametric opposite of the other. "We're much more than a one-sector, products-only company," remarks Mr. Bojar. "We're also active in retailing systems and provide a wide range of services." Says Mr. Czako: "We do develop our own products, including entire operating systems for the country's lony."

LOCAL TALENT, FAST-GROWING FIRMS

Hungary's information and communication technologies (ICT) sector is a hotbed of entrepreneurship.

We're by no means exceptions. Dozens of innovative ICT companies have been started up in Hungary over the past 10 years," says Gabor Bojar, founder of the leading ICT firm Graphisoft.

Much of this growth has been made possible by homegrown innovators. Mr. Bojar adds: "In any software company, the ability to grow and develop is 99.9 percent a product of the local talent pool, and Hungary's is very deep for a country of its size."

Today, however, Hungary is experiencing a new brain drain of young ICT innovators. In contrast to the past, they are being pulled, not pushed, out of the country.

In the pre-revolution days, bright, ambitious young ICT innovators were forced to go abroad to seek their fortune. Today, they face a difficult choice between staying at home and founding a company or accepting the siren calls of international recruiters working for U.S. ICT giants," Mr. Bojar says.

Is the brain-drain going to put an end to Hungary's wave of ICT start-ups?

"I don't think so," says Ferenc Czako, cofounder and chief operating officer of the leading ICT firm Synergon. "I think our innovators will spend a year or two in the United States and elsewhere, and then come home, armed with their new expertise, to found their own companies." Mr. Czako encourages this international experience in his company: "We say to the ones being headhunted by the Americans: 'Go for a while, your job will be waiting for you when you come back.' We're sure that a large portion of them will return — sooner or later."

DRIVING ECONOMIC GROWTH

Continued from page 22

of local suppliers. It is largely responsible for our sterling trade, output and production figures. It coexists with what I call our 'domestic sector,' made up of companies serving local customers.

"This sector still doesn't have the modernity and efficiency of the other. A greater linkage between the two sectors is needed so that Hungary's consumers and SMEs (small and medium-sized enterprises) can reap the full benefit of having what is probably the CEE region's most powerful international business community."

Mr. Chikan continues: "Also needed is a better spread of investment. Eastern Hungary's personnel features the same high levels of education as their counterparts in the western part of the country. But wages and other operating costs are lower in the east. Thanks to the higher rate of unemployment, the availability of labor is greater, so there's no reason for the international companies not to expand eastward."

What can the Hungarian government do to foster interaction between the two sectors and eastward expansion?

"The best thing for any government to do is to let business go about its business. That's always been my motto. I've always placed my trust in the market's innate ability to recognize opportunities, and current events are confirming my trust. The amount of networking between the two sectors is increasing; western companies are now setting up production operations in the eastern part of the country. Our job

— and it's an important one — is to remove the remaining 'disincentives,' which could hinder these trends." These disincentives include Hungary's often ponderous social security system, now up for further streamlining.

Fiscal prudence
According to György Suranyi, the highly respected president of the National Bank of Hungary, the nation's central bank, "We have every reason to be proud of what we've achieved, especially as it's been accomplished under often very difficult conditions and has involved a tremendous amount of personal sacrifice on the part of the Hungarian people. We must,

A FAST-GROWING ECONOMY			
	1996	1997	1998
GDP	1.3	4.4	4.8 (third quarter)
Industrial Production	3.4	11.1	13.4 (third quarter)
Unemployment (%)	10.7	10.4	8.0 (9/98)
Exports (\$ billion)	15.7	19.1	14.2 (7/98)
Imports (\$ billion)	18.1	21.3	16.1 (7/98)
Foreign direct investment (\$ billion)	2.0	2.1	1.0 (6/98)
Net external debt (\$ billion)	14.2	11.2	10.5 (6/98)
* +27% over same period, previous year			

Source: Hungarian Central Statistics Office

however, avoid being self-satisfied, as this sentiment could sap our willingness to stick to the policies that brought us to where we are today."

These policies include tight monetary control and tight control of governmental spending. They were enacted in 1995, in a time of runaway

inflation and budget deficits. Since then, inflation has gradually if stubbornly come down. Mr. Suranyi predicts that by the end of 1999 it will be below 10 percent. "The recording of a single-digit rate of inflation would be an accomplishment with a great symbolic value," he says.

The general budget deficit is currently running at a high 4.5 percent of GDP, with no improvement in sight. That alone suffices to explain Mr. Suranyi's insistence on staying the course of fiscal prudence.

Hungary's step-by-step approach to combating inflation and restraining government spending goes by the name "gradualism" or "pragmatism" in international circles, and is enjoying

a newfound respect these days. International analysts used to love the better-than-the-West rates of inflation and budget deficits achieved by, for instance, the Czech Republic, whose uncompromising hard line toward its macroeconomic indicators involved maintaining the



Attila Chikan, Hungary's minister of economic affairs

value of its currency in relation to Western ones.

Now, the Czech Republic is in the midst of a protracted economic crisis, caused by its soft line toward undertaking true economic reforms, and the analysts are busy propounding a new theory: that manageable levels of inflation and budget deficits are the inevitable results of radical economic restructuring.

Mr. Suranyi endorses the theory. "I believe that it's simply impossible for a country to simultaneously re-amp its entire business sector and social security system — which is what Hungary has done — while at the same time staging an all-out war on such macroeconomic indicators as inflation. The shocks arising from restructuring alone are basically all that an economy can bear."

Also now in vogue is Hungary's "crawling peg" — the 0.7 percent per month devaluation of its currency against the dollar and mark.

"It's spared us the forced devaluations experienced by other CEE countries, and it's given investors a sound base for planning and prediction," says Mr. Suranyi.

The countdown has begun...

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WORLD ROUNDUP

Milestone for Walsh

CRICKET Courtney Walsh passed Ian Botham for third place on test cricket's all-time wicket list, but a late rally spoiled the West Indies chances of bowling out South Africa on Thursday, the first day of their second test in Port Elizabeth.

Pat Symcox and Allan Donald remained at the wicket with an unbeaten ninth-wicket stand of 48. That rescued South Africa from 175 for eight, just before tea, to 223 when fading light forced the stumps to be drawn at St. George's Park.

Earlier, Walsh moved past Botham by taking three wickets before lunch. Walsh's trio gave him 385 for his career, more than the legendary English all-rounder, who retired in 1992.

The paceman Waqar Younis polished off Zimbabwe's top order while Saqlain Mushtaq spun a web around its later batsmen, as Pakistan dismissed Zimbabwe for 183 shortly before the close of play on the first day of the second cricket Test in Lahore on Thursday.

Pakistan will start its first innings Friday after poor light brought play to an end 16 minutes early. (AP)

A Step Forward for UEFA

SOCCER After months of discussion, the executive committee of European soccer's governing body unanimously approved Thursday the structure for a revamped Champions League and UEFA Cup to start next summer.

"The financial distribution has still to be fine-tuned but the basic principles have been set," UEFA's general secretary, Gerhard Aigner, said. These would be finalized in the next two to three months, he added.

The move, which was drawn up to counter a breakaway Super League, means the end of the Cup Winners' Cup competition after the current season.

Europe's top soccer clubs had already endorsed plans for a new 32-team Champions' League and a new UEFA Cup to merge the existing UEFA Cup and Cup Winners' Cup. But the starting date, set-up and financial structure of the new competitions had to be approved by the executive committee.

Under the new format, the Champions League will be expanded from 24 teams to 32, playing in eight groups of four in the first stage. The UEFA Cup will start with 96 teams, the same number as the two competitions it is replacing.

Doping Ban for Vaulter

TRACK AND FIELD The pole vaulter Denis Petouchinski was stripped of his Commonwealth Games silver medal and banned from the event in 2002 on Thursday after the Games Federation found him guilty of taking performance-enhancing steroids. The Russian-born vaulter competes for New Zealand. (AP)

**Chinese Gold Rush:
25 Medals in a Day**

Weightlifter Sets Another World Record

BANGKOK — China piled up eight gold medals in gymnastics, completed a sweep of the diving events and broke another world weightlifting record at the Asian Games on Thursday.

The Chinese also won seven golds at shooting, two at judo, two at swimming, one at fencing, one at cycling and one more at weightlifting.

While the Chinese amassed a total of 25 golds for the day, the diving team's leader, Xue Li, was looking ahead to the

ASIAN GAMES

2000 Olympics and concluding that her athletes still had a lot of work to do.

"Winning these golds means nothing to us, for most of the other Asian countries lag behind the rest of the world in diving and we Chinese divers mainly compete against ourselves in the Games," she said. "But in the world major competitions such as the Olympics or the world championships, there will be a galaxy of high-echelon divers. Even a small error can cost you the gold when you compete against them."

After four days of medal competition, China had a runaway lead with 50 golds. Japan had 21, South Korea 20 and Thailand and Taiwan 7 each after the host nation, Thailand, won 4 on Thursday, Japan and South Korea had five each Thursday.

The Thais especially celebrated at the gymnastics hall and the swimming pool. Winning the rings event, Anornbhot Unchal of Thailand was one of only three non-Chinese gold medalists in gymnastics.

Yeo Hong Chul of South Korea beat Li Xiaopeng of China by 0.038 point for gold in the men's vault. Xing Aowei of China had to share his gold on the pommel horse with Pae Kil So of North Korea, an Olympic and world champion in that event.

China's women gymnasts, meanwhile, came out of these games undefeated, adding four individual apparatus golds to their all-around and team

titles. With the men's all-around, team and four apparatus titles, the Chinese got gold in 12 of the 14 competition events.

Japan has been holding off China in the swimming pool, leading 10-8 in golds after each nation won two races Thursday.

But some of the races went almost unnoticed as Torlap Sethsothorn of Thailand won the men's 400-meter freestyle, taking the lead at 250 meters and setting a Games record as he beat Masato Hirano of Japan, 3 minutes, 53.61 seconds to 3:54.13.

Ayari Aoyama of Japan, the world silver medalist, had her best time under new regulations for the 100-meter butterfly, and Shunsuke Ito anchored the men's 4x100 freestyle team to a narrow victory over China.

Thailand just missed another swimming gold when Zhou Yi of China edged Ratanapong Surisanont by a fingertip in the 200-meter breaststroke.

Li Wei of China won the women's 100-meter breaststroke in an Asian Games record of 1 minute, 8.95 seconds.

In weightlifting, China's women weightlifters extended their world record-breaking streak to four consecutive days. In the 63-kilogram division, Lei Li broke records for both the snatch and total lift as she finished 2.5 kilograms ahead of Malleswari Karnam of India. Her 107.5 in the snatch broke the record of 103 set by a compatriot, Xiong Meiying, in September, and her 232.5 total beat the mark of 230 set by another compatriot, Diao Weiwei, in April.

Zhan Xugang of China won in the men's 77-kilogram division.

In diving, China scored its fourth consecutive 1-2 sweep of these games. The rising 14-year-old star Li Na narrowly missed beating Cai Yanyan on the women's 10-meter platform, and Zhou Yilin came from behind on his last dive to beat compatriot Yu Zhuocheng by less than four points on the 3-meter springboard.

Japan managed to come out on top in its native sport of judo, splitting the final day's four gold medals with China. That left Japan with five gold medals from 14 events. China and South Korea each had three, Mongolia two and North Korea one.

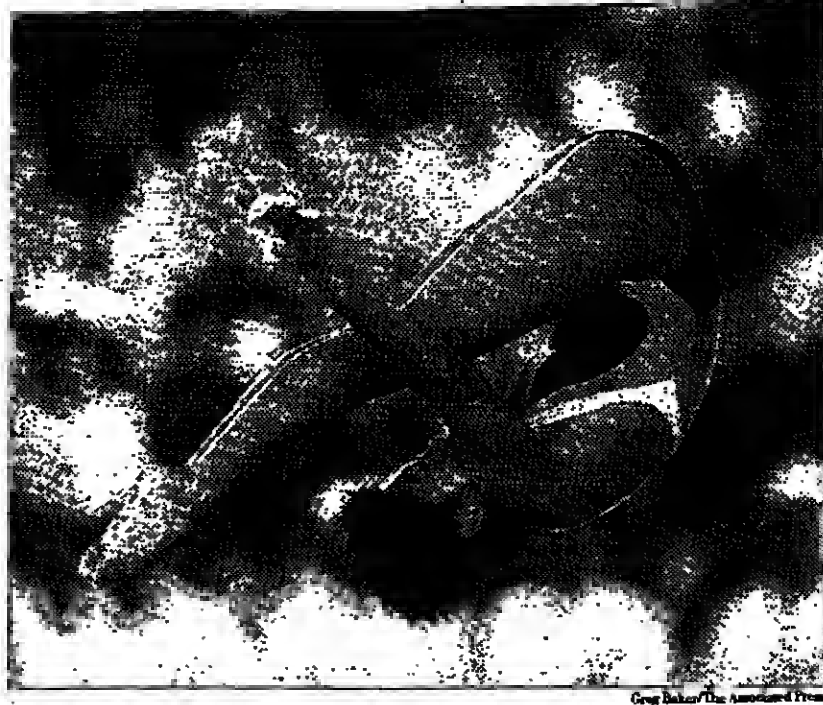
Competition in South Korea's martial art, taekwondo, also ended Thursday, with that nation taking three golds and Taiwan one. The South Koreans finished with 11 of the 16 golds awarded at these games. Taiwan finished with three, and Vietnam and Iran had one each.

South Korea's Lee Ji Yean and Lee Mi Young won the women's doubles bowling, 17 pins ahead of a Thai pair.

They had taken the gold and silver in singles Wednesday night, but the bronze was still in doubt. South Korea's Cha Mi Jung had the third best score, but Malaysia insisted its fourth-place bowler, Yap Mun Yee, should get the bronze under games rules limiting medals to two competitors from one country in any event. South Korea asked for clarification, and the medal awards ceremony still has not been scheduled.



Zhan Xugang of China lifting in the clean and jerk event. He won gold in the 77-kilogram division.



Cai Yuyan of China diving from the 10-meter platform. She took gold.

A Show by Shevchenko

Dynamo Kiev Star Leads Team to Group Title

By Peter Berlin
International Herald Tribune

LENS, France — There was still a half hour to play when Andrei Shevchenko started dancing. The brave Lensois would keep huffing and puffing until the very last kick, but Shevchenko knew he already had good reason to celebrate.

Dynamo Kiev, after failing to win any of its first three matches in Group E, had pulled itself even with leader Lens before this fast match, thanks largely to Shevchenko. Now Kiev led, 1-0, with a goal that owed much to Shevchenko.

CHAMPIONS LEAGUE

and Lens was playing a man short, entirely because of Shevchenko. He had already produced flashes of brilliance, but now, as undermanned Lens tried, it was time to put on a show that would lead his team to a 3-1, group-clinching victory.

For rich Western clubs, Kiev has become a favorite spot for a Christmas spending spree. It has developed the habit of selling its stars during the winter break in the Ukrainian season. As the biggest star in by far the biggest team in Ukraine, Shevchenko has spoken happily of feeling as if he is the only bachelor in Kiev.

Yet a transfer to Italy or Spain would bring huge amounts of cash for both him and Dynamo. It would put him center-stage in world soccer. The winters would be warmer, too.

Grigory Surkis, the club president, has said that only Oleg Luzhny, a 30-year-old defender, can leave this winter. Shevchenko and Sergei Rebrov must wait until the summer.

On Wednesday it was easy to see why Shevchenko is so coveted. Lens was without its best striker, Tony Vairelles, since a controversial red card in the final minute of the previous match against Arsenal had deprived him of a chance to show his wares to potential purchasers.

The defenders Cyril Rool and Eric Sykora were also suspended. Yet, the French champions came out and assaulted Kiev.

It took six minutes for Kiev to escape its own half. Then, suddenly, there was Shevchenko bursting clear. Frederic Dehu, Lens's only first-string defender on the field, was the last man. He launched a desperate tackle, but Shevchenko's acceleration fooled him. By the time his foot arrived the ball was gone — and so too was Dehu. He caught the Ukrainian's trailing leg, tripped him and received a red card.

Lens pressed forward on a tide of adrenaline for another 30 minutes. But as Lens began to weary, chances began to fall to Kiev. Shevchenko tried to beat Guillaume Warmuz, the goalie, with an extravagant, sliced and wedged. The ball looped slowly over Warmuz, but curled against the post, plopped into the net and rolled along — but not across — the goal line.

After 60 minutes, Kiev woo a corner. Shevchenko outleaped the Lens defense and nodded the ball to Kahla Kaladze lurking near the goal. Kaladze scored.

After that, Shevchenko was dazzling. One labyrinthine dribble seemed to attract half the Lens team. In the 75th minute, his precise pass freed Valentin Bialkevich, who crossed for Vladislav Vaschuk, who scored.

Vladimir Smicer replied for Lens with a free kick into the Kiev goal. After that, the only question was whether Shevchenko would get his goal.

Three times he raced in on Warmuz. Each time he disdained any attempt to fake the goalie, opting instead to try to shoot past him. Twice, Warmuz got a hand to ball and deflected it over the bar. The third time he got a foot on the ball, but it still flopped into the goal.

Before Wednesday night, Kiev was one of 16 clubs chasing seven quarter-final places in the Champions League. Kaiserslautern had already won Group F, but no one else was certain of a place.

In Graz, Ronaldo played, but Javier Zanetti and the irrepressible Roberto Baggio scored the goals, as Inter Milan won, 2-0, against Sturm Graz to win Group C. Raul and Savio scored in Spain as Real Madrid beat Spartak Moscow, 2-1, to finish second in the group and qualify as one of the two best runners-up.

In Manchester, Bayern Munich and Manchester United drew, 1-1. Bayern advanced as the Group D winner and United as the other best runner-up.

On a field in Zagreb better suited to ice hockey, Olympiakos of Greece drew, 1-1, with Croatia Zagreb to win Group A and advance, eliminating the host.

In Group B, Juventus, a finalist for the past three seasons, staged the great escape. Nicola Amoroso and Filippo Inzaghi scored as Juventus beat Rosenbergs, 2-0, while Athletic Bilbao beat Galatasaray of Istanbul, 1-0, with a goal by Julien Guerrero. Neither Bilbao nor Juventus had won any of their previous five group matches. Juventus, Rosenbergs and Galatasaray finished tied and Juventus went through because it had the best record excluding matches against last-place Bilbao.

**NBA Agent
Slams Players'
Charity Game
As 'Absurd'**

By Mike Wise
New York Times Service

NEW YORK — Angered and insulted by an exhibition game designating one of its two charities as financially struggling players, a National Basketball Association player agent has criticized his peers and the all-star players involved in the game.

Keith Glass, who represents five players making the league's minimum annual salary of \$272,500, said Wednesday that he was insulted over how fellow agents and the game's promoters, David Falk and Arza Tellez, were planning to divide the proceeds from the Dec. 19 game. The exhibition, scheduled in Atlantic City, will benefit Unicef and the NBA players who have been hurt financially by the league's five-month lockout.

"For them to say this will benefit NBA players as a charity is wrong," Glass said. "None of my players has ever asked me for money and will not accept money from this game. The entire portion should go to charity." The idea that a player making \$275,000 can't manage his money, and needs the fans to bail him out, is absurd and insulting," he added.

Glass was one of more than 70 player agents who took part in a conference call Wednesday with the player union's executive director, Billy Hunter. The call was mainly to assuage fears that the NBA season would be canceled. Hunter did his best to soothe their concerns.

He told the agents, some of whom were more than skeptical, that the two sides in the league's labor dispute were not as far apart as many believed and that if the players remained unified, a deal would be struck in the next few weeks.

But other agents echoed Glass's concern over a public backlash that arose after a news conference on Monday in New York to announce the exhibition game, which will be televised by the Showtime network. Aside from Falk and Tellez, the union's president, Patrick Ewing, and other star players such as Alonzo Mourning, Allan Houston, Glen Rice and Dominique Wilkins took part in the news conference via satellite from Los Angeles.

Though they tried to preface their statements by saying that fans should not feel sorry for the players, comments from Mourning and Ewing about players in need were roundly criticized.

Ewing was quoted by The Associated Press as saying: "If you look at people who play professional sports, not a lot of them are financially secure. They make a lot of money, and they also spend a lot of money."

Referring to the game in Atlantic City, one agent said: "We are taking the beating on this thing. Let's just make sure we keep these guys out of the casinos."

The union's last general session was held in Las Vegas, which also drew the public's ire.

There apparently is growing support to make sure that all revenue from the game — court-side tickets are said to be priced at \$1,000 — goes to charity, said one player agent, who requested anonymity.

"I don't know what David and Arza are thinking, but that's not our agenda," Glass said. "This is everything I'm against. Why in the world, if you know there was going to be a problem with a lockout, would you not prepare for it?"

"I was absolutely taken aback," Glass said. "We ask the fans to wait for our season to start so they can't start paying exorbitant prices for tickets again. Now, we're going to turn around and ask them for money?"

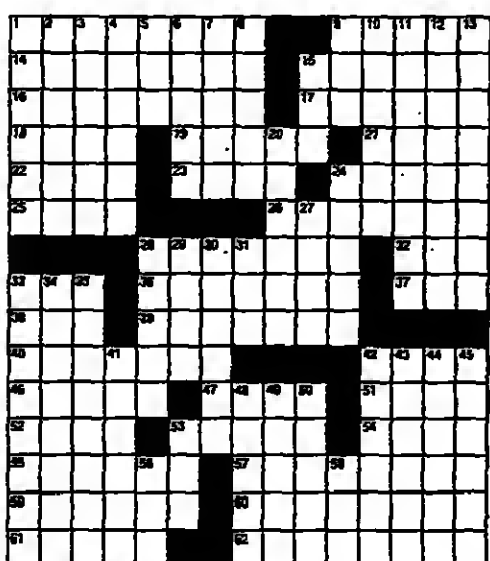
CROSSWORD

ACROSS

- 1 One who works on walls
- 9 Roman holiday
- 14 Agent's fee, often
- 15 Soams
- 16 Troquian language
- 17 Bags
- 18 Dough
- 19 Grub
- 21 Bad news for the king
- 22 Ivy League
- 23 Polster Roper
- 24 Some takebacks
- 25 New car owner's worry
- 26 Some are Spanish
- 28 Accelerated
- 32 It may give you a good start
- 33 Tanning lotion
- 34 Tanning lotion letters
- 36 Sea-ear
- 37 "out"
- 38 Skipper's syllable, maybe
- 39 Layden jar lining
- 40 Rattled off
- 42 Cape
- 43 Some takebacks
- 47 Roadie's responsibility
- 51 Ancient cross
- 52 Converse competitor
- 53 Outsider
- 54 Autocrat: Var.
- 55 "Can it"
- 57 Apprentice
- 58 Takes over
- 59 Ran
- 61 "Dragon" (1977 Disney musical)
- 62 Acuity

DOWN

- 1 Ridiculed
- 2 In poor health
- 3 Land
- 4 Still
- 5 Regulus's constellation
- 6 Trimming tape
- 7 Plagiarize
- 8 1,000 large calories
- 9 Clowning
- 10 Crown covering
- 11 Barely makes it
- 12 In direct confrontation
- 13 Tasting job?
- 15 Explorer's org.
- 20 Kind of doll
- 24 Gross out
- 27 Certain bond, informally
- 28 Swimmer blonds and others
- 29 Annual award
- 30 Part of a wrecking crew?
- 31 Browne
- 33 Initiative
- 34 Make-believe
- 35 Had a visible front
- 41 "Yeah, right"
- 42 Lane with lines
- 43 Peppin, for one
- 44 Par for pairs
- 45 Prepares wheat, in a way
- 46 Louis B. Mayer's birthplace
- 49 Quarterback Rodney
- 50 Sound asleep?
- 53 Signed sounds
- 58 H.M.O. listing
- 59 Fair, e.g.



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Solution to Puzzle of Dec. 10

DOWN
1 RIDICULED
2 IN POOR HEALTH
3 LAND
4 STILL
5 REGULUS'S CONSTITUTION
6 TRIMMING TAPE
7 PLAGIARIZE
8 1,000 LARGE CALORIES
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Florida Power-Plays Its Way Over Ottawa, 6-5

The Associated Press
Ray Whitney scored Florida's fifth power-play goal of the game, breaking a tie with 5:29 left to give the Panthers a 6-5 victory over the Ottawa Senators.

The host Panthers took a 4-0 lead in the first period Wednesday night, and led, 5-3, entering the third period. But Senators rookie Marian Hossa scored his first NHL goal and then assisted on a breakaway goal by Radek Bonk, tying it at 5 with 8:17 left.

Hossa was penalized for tripping with 6:10 remaining. Shortly after, the Panthers' goaltender, Sean Burke, passed to Robert Svehla, who fed a streaking Whitney for the breakaway goal.

Whitney also had two assists as Florida beat the Senators for the first time in eight games (1-5-2).

Avananche 2, Rangers 1 Joe Sakic and Peter Forsberg scored within a 98-second span of the third period, lifting Colorado over host New York.

The Avalanche, who had trailed since the 1:29 mark of the second period when

NHL ROUNDUP

Mathieu Schneider scored for New York, won their fifth straight while stopping a five-game winning streak for the Rangers.

Stars 3, Sharks 3 In Dallas, Darryl Sydor had a goal and two assists to help the Stars rally from a two-goal, first-period deficit and gain a draw with San Jose. Tooy Hrkac's power-play goal late in the second period capped Dallas's comeback, drawing the Stars even at 3.

Blackhawks 3, Oilers 1 Eric Daze scored two goals and Jocelyn Thibault made 24 saves, allowing just a fluke score that deflected off a teammate as Chicago beat visiting Edmonton.

Kings 2, Capitals 1 Stephane Fiset made 32 saves for his first victory in more than a month as the Los Angeles Kings defeated visiting Washington to snap a five-game losing streak.

Mighty Ducks 4, Canucks 4 In Anaheim, Bret Hedican's goal with 10:54 left in the third period lifted Vancouver to a tie with the Mighty Ducks.

Coyotes 4, Canadiens 2 In Phoenix, Jeremy Roenick and Keith Tkachuk each had a goal and an assist and Mike Sullivan scored a short-handed goal as the Coyotes beat Montreal. Rick Tocchet also scored for the Coyotes.

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SPORTS

Archie Moore Dies at 84

By Gerald Eskenazi
New York Times Service

NEW YORK — Archie Moore, the fighter whose legendary career spanned almost three decades and included bouts with both Rocky Marciano and Muhammad Ali, died Wednesday at a hospice in San Diego, California. His age, always the subject of speculation, which he helped fuel, was 84.

Moore had entered the San Diego Hospice about a week ago, said a family spokesman.

Moore, who won the light-heavyweight championship when he was well into his 30s, invented himself in many ways, from his age to the dieting secrets he claimed to have learned from an Australian aborigine. But what was undeniable was his remarkable career as a fighter, one that lasted from the mid-1930s to 1963 and took him around the world. He held the light-heavyweight title nine years, longer than any other fighter.

For much of his career, Moore fought an average of almost once a month, with more than 200 bouts, most for small paydays. He had a record of 194-26-8, and his 141 knockouts are believed to be the most by a professional.

By 1952, fighting as a light-heavyweight, he was still searching for a title bout. He had beaten the former heavyweight champion, Ezzard Charles, and had defeated the highly regarded Harold Johnson. But Joey Maxim, the light-

heavyweight king, declined to face Moore.

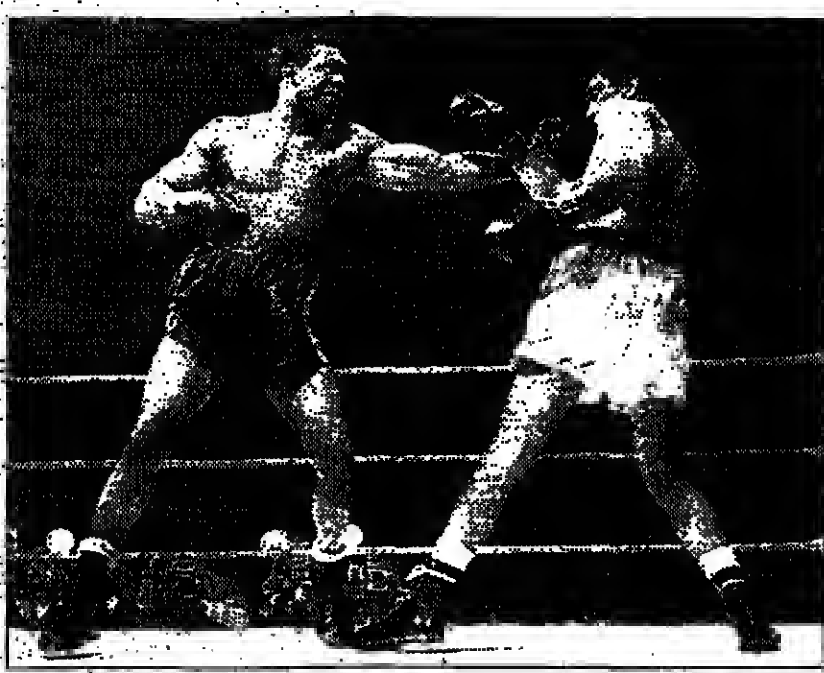
So Moore began a letter-writing campaign. He started to correspond with well-known journalists such as Red Smith, demanding to meet Maxim. A cautious, cagey fighter, finally, Maxim agreed — but only if Moore guaranteed Maxim a \$100,000 cut of the purse. Moore's manager, Doc Kearns, who had been Jack Dempsey's manager as well, cut the deal.

Moore was 39 years old (or 36, by his account) when he finally met Maxim on Dec. 17, 1952. Moore won the title in a 15-round unanimous decision and then enhanced his legend with his gift of gab and, perhaps, fanciful recollections.

Although Moore defended his title four times in the next two and a half years, it was the heavyweight champ, Marciano, that he angled for. The pressure by Moore's sportswriter friends finally forced Marciano, who was considered indestructible, to meet Moore. If Moore's mother was right, her son was almost 42 years old, 10 years older than the undefeated champion.

Moore achieved one of his finer moments by knocking down Marciano in the second round of their bout on Sept. 21, 1955. But Marciano got up and surged back. At the end of the eighth round, the referee went over to Moore's corner and told him he wanted to stop the bout.

"The only way to go out in a championship fight is on your back," pro-



Archie Moore, left, taking a stab at Joey Maxim during their light-heavyweight championship bout in 1952. Moore won by a decision.

tested the old challenger. In the ninth round, Marciano flattened him.

The next year, Moore again fought for the heavyweight title, which was vacated when Marciano quit after stopping him. This time, Moore met the 21-year-old Floyd Patterson. Moore was bloated at 196 pounds (89 kilograms) and was knocked out in the fifth round.

Moore still fought as the light-heavyweight silver.

He remained champion until Feb. 10, 1962, when sanctioning bodies withdrew recognition because of his failure to defend the title. He was knocked out by Ali, then known as Cassius Clay, in the fourth round of a 12-round bout on Nov. 15, 1962.

His last fight was a three-round knockout of Mike DiBiase on March 15, 1963, nine months before what the record book says was his 50th birthday.

Austrian Skier Triumphs

The Associated Press

VAL D'ISERE, France — Despite what she described as an imperfect run, Alexandra Meissnitzer's performance Thursday was easily superior to the rest of the women's Super-G field, earning the Austrian her third World Cup victory of the season.

Under clear, sunny skies, the 25-year-old skier blazed down the 1,985-meter (6,512-foot) Piste-G course in one minute 21.95 seconds.

Meissnitzer finished a convincing 0.79 seconds ahead of Martina Ertl of Germany.

"I was aggressive from the start to the bottom," said Meissnitzer, who also won here in 1996. "But it was a very difficult course and you just couldn't ski without mistakes. My run was certainly far from perfect."

Ertl also acknowledged that the course was tough, and admitted that she had underestimated its difficulty.

"During the inspection run I didn't evaluate the course properly," said Ertl, who won a Super-G last season. "So I ended up skiing too defensively and lost time because of that. It probably comes from my lack of confidence at the moment."

Regine Cavagnoud of France finished third in 1:22.94 and Pernilla Wiberg of Sweden, the 1997 overall World Cup champion, placed fourth in 1:23.08.

Renate Gotschl of Austria, winner of both downhill this season and second at the Super-G at Mammoth

Mountain in California last week, finished seventh, 1.30 seconds back.

Coming into the season with three career World Cup victories, Meissnitzer has doubled that number, winning the season-opening Super-G at Lake Louise, Canada, as well as a giant slalom in Park City, Utah, three weeks ago.

The race Thursday was her fourth career World Cup Super-G triumph.

The victory padded Meissnitzer's lead atop the overall rankings, where she sits with 525 points. Ertl's second place left her with 383.

The Super-G standings are identical, with Meissnitzer on top with 240 points, 100 ahead of Ertl.

The battle for the lead in the overall competition promises to be fierce.

While Meissnitzer appears to have the edge over Ertl in the speed events, the Austrian does not race in the slalom, one of Ertl's stronger suits.

Racing the slalom gives Ertl the opportunity to collect extra points in the combined event as well.

Clearly dominating since the start of the season, holding the lead in every discipline, the Austrians placed five skiers in the top 10 on Thursday.

Germany, weakened by the absence of its double Olympic gold medalist, Katja Seizinger, had three in the top 10. Seizinger, the overall downhill and Super-G World Cup champion last year, said this week that her injured knees would keep her out of competition for the season.

SCOREBOARD

ASIAN GAMES

THURSDAY BANGKOK, THAILAND

WRESTLING AND SHOOTING

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POSTCARD

Queen of the Ferries

By Sam Howe Verhovek
New York Times Service

SEATTLE — When Peter Bevis first laid eyes on her, she was in sorry shape. Once the sleek, silvery queen of Puget Sound, she was washed up, literally. Beached in a muddy Alaskan cove, she had suffered the ignominy of becoming a shrimp-processing plant, and now the rusty, rotting vessel wasn't even good enough for that.

"But the minute I walked inside, I just found myself grinning from ear to ear," Bevis recalled. "I said to myself, this thing is just too cool to be cut up for scrap. She's coming back to Seattle. She has to come back."

So began the return odyssey of the ferryboat Kalakala, which was launched to great fanfare here in 1935 and served for 32 years thereafter, plying the waters of the sound with distinctive touches that included a futuristic design out of Buck Rogers, a double-horseshoe lunch counter and a ballroom with chandeliers and orchestra pit.

The Art Deco-style Kalakala was saved by the obsessive decade-long quest of Bevis, a sculptor who was working as a commercial fisherman when he encountered the ferry. He was supported by preservation societies around the world, including the Art Deco Society in New York, which implored the fishing town of Kodiak to spare it from a salvager's torch.

By the time the Kalakala finally did come back home to Seattle last month after a 16-day journey from Alaska, escorted by three tugboats and riddled by the sprays from fireboats, it was clear that this battered old hulk had touched a powerful nostalgic nerve in a city that often seems to be

rushing headlong toward a hyperwired future.

But the future of the 276-foot-long Kalakala, which means "flying bird" in the language of the Chinook Indians, is still uncertain. Although visitors have thronged to it and Mayor Paul Schell has spoken enthusiastically of proposals to tie the boat up permanently as a floating monument near historic Pioneer Square, there is the matter of money.

Much of the more than \$1 million spent on the effort to return the Kalakala has come from Bevis, 45, who has lavished his life savings and a small inheritance from his uncle on the preservation effort. He is so attached to the boat that he is now living aboard it.

But estimates for refurbishing the ferry and turning it into an attraction with restaurants, stores and a historical display range from \$5 million to \$20 million. Furthermore, Bevis and the board of the nonprofit Kalakala Foundation are decidedly lukewarm to the idea of selling the boat to a commercial investor.

"This is not for any one person to own," said Bevis, a bearded bear of a man, as he offered a tour of a vessel that is so rusty in places, it almost seems to have been dragged up from the ocean depths. "It's a piece of the city's history."

The foundation has been getting donations, including a recent gift of \$100,000, and Bevis seems possessed with an almost mystical belief that the Kalakala will become so beloved that it will actually generate revenue some day.

"It has this attitude about the whole thing," he said. "If you're good to the Kalakala, she'll be good to you."

Has Adrien Brody's Big Moment Arrived?

By Bernard Weinraub
New York Times Service

LOS ANGELES — Nearly a year ago, Adrien Brody, a 6-foot, hazel-eyed actor, walked into Orso's restaurant in Los Angeles and sat down at a table on the patio with his agent and a publicist to talk about his budding career.

He had just returned from six months in Australia where he played one of the covered roles in "The Thin Red Line." Terrence Malick's World War II epic that opens in the United States on Dec. 23 with an ensemble cast including Sean Penn, Nick Nolte, George Clooney, Woody Harrelson and John Travolta.

Nineteen ninety-eight was shaping up as a pivotal year for Brody, who would also have key roles in movies by Spike Lee and Barry Levinson. By 1999 he would have a half-dozen movies in release. Had Adrien Brody's moment arrived?

"It was time to sit down and talk," said David Pollick, a publicist whose agency also represents Leonardo DiCaprio and Brad Pitt. "The Thin Red Line" was going to be a big event picture. Adrien's career was happening. Now was the time to focus."

Brody, 25, may or may not prove to be a star. His physical appearance is hardly the conventional blond, blue-eyed Hollywood handsome. He and his agents could make damaging decisions over the next few years. And Malick recently called to tell him that he'd had to trim back the actor's role during editing. But Brody's odyssey from Queens to Hollywood is a testament not only to his talent and persistence — he aggressively pursued acting jobs from the time he was 12 — but also to the indefinable ways careers can take shape in the movie business, sometimes in a flourish after years of preparation.

"It would not surprise me if Adrien becomes a movie star," said Spike Lee, who cast him in "Summer of Sam" (due next year) as a blond-mohawked punk rocker

from an Italian neighborhood in the Bronx who is accused of being the "Son of Sam," a killer who terrorized New York City 20 years ago. Levinson, who cast Brody as a Jewish youth in 1950s Baltimore in "Liberty Heights" (also to be released next year), said the actor "had a sensibility and a quality that's very interesting — when he says the lines there's something else going on all the time."

Malick, who auditioned hundreds of actors for the role of Fife in "The Thin Red Line" (a role based loosely on James Jones, who wrote the autobiographical novel), told DiCaprio, his casting director, that Brody reminded him of Jean-Pierre L  aud, the star of the Francois Truffaut classic "The 400 Blows."

Six months ago, Pollick began sending magazine editors copies of reviews for Brody in Daily Variety, hoping to boost his client's image. He followed by talking up Brody's appearance in "The Thin Red Line," which has stirred considerable attention because it marks the director's return to filmmaking after 20 years. The result was a one-page photo layout on Brody in last month's Vanity Fair, followed by a GQ magazine photo spread.

In an interview, Brody said: "It's like the quiet before the storm. Like I have done this body of work, and I can do nothing now but sit back and wait."

Whatever the outcome, by the end of 1999, Brody's life is sure to be far different than it is today. His career has moved along steadily, at times fitfully, like any other young actor able to earn a relatively modest living at his craft. (Until this year, his one windfall was \$50,000 in residuals from the video sales of a Disney movie, "Angels in the Outfield.") But what has set him apart from other talented young actors is that casting agents in New York and Los Angeles noticed him early on and kept him in mind.

Brody grew up in a blue-collar neighborhood in Queens, the only child of two arty parents. His mother, Sylvia Plachy, is a well-known



Adrien Brody on the set of the movie "Restaurant."

photographer who has worked for years for The Village Voice. His father, Elliot Brody, a retired New York City teacher, is a painter. At 5 he met a writer at The Village Voice, Howard Smith, who showed him magic tricks. "He got feverishly interested in magic, and later he went to magic camp in upstate New York," Plachy said. "He loved performing at birthday parties. Even if his tricks failed the kids loved him."

He started taking Saturday morning acting classes at the American Academy of Dramatic Arts in Manhattan, and at 12 snagged parts in a couple of Off-

Broadway shows. "There was no thinking about a career," said Brody's father. "It was a creative outlet for him. And he loved it."

Working in front of a camera, he said, has come naturally to him. "I grew up in front of a lens, my mother photographed me since I was an infant, thousands of pictures," he said. "So I feel very comfortable in front of a camera, more comfortable than I am on-stage."

By his early 20s, Brody had dropped out of college in New York, moved to Los Angeles and was living in a series of cheap Hollywood apartments. But he was working steadily in independent

films, taking home about \$900 a week, and beginning to catch the eye of Hollywood executives.

Pollick, senior vice president of the Baker Winokur Ryder publicity firm, remembers being struck by Brody in "Ten Benny" (formerly called "Nothing to Lose") several years ago at the Los Angeles Film Festival. He called JoAnne Colonna, Brody's agent, who works for International Creative Management. The young actor could not yet afford a public relations man, but Pollick offered to provide informal advice. In a sense, he was betting that Brody's career would take off and he would soon need representation. "I saw something in Adrien that I didn't see every day," Pollick said.

Despite his progress, Brody was getting restless about his career. "It was steadily improving but there were no big movies or big breaks," he said. "I could never land a studio film because they always went to the name actors. You know, 'Get me DiCaprio or Matt Damon or somebody.' Or they wanted an all-American type."

But he was picky, too, wanting to make independent films and turning down television jobs. Colonna, meanwhile, had read the script for "The Thin Red Line," and arranged a meeting with Malick. The conversation lasted nearly two hours. "Finally, he said he'd like me in his movie, and I'm like, 'Wow, that's great!' But I've had other people tell me that and nothing happened." Weeks later, Colonna called to say he had been cast as Fife. "I was blown away. I almost cried," he said.

Brody, Colonna and Pollick say they're waiting to see what happens next. Colonna and Pollick are convinced their client will emerge as a significant actor, if not a star. Brody says he's nervous about the reaction to his three big studio films as well as the smaller independent movies. But he has one priority, if the money starts rolling in. "I want to buy my mother a loft in SoHo and my father a big stone house in upstate New York," he said.

PEOPLE

THE Spanish poet Jose Hierro, who wrote about life in prison under the regime of the dictator General Francisco Franco, has won the 1998 Cervantes Prize, considered the top literary award in the Spanish-speaking world. Hierro, 76, beat out a field of 38 Spanish and Latin American authors. The Madrid-born writer published his first poems in Republican publications during Spain's 1936-39 Civil War. After the war, he spent four years in prison, an experience that he would later capture in his most acclaimed works: "Lullaby for a Prisoner" and "Report." Hierro also has won the Prince of Asturias Prize for Literature and the Queen Sofia Prize for Ibero-American Poetry. The Cervantes Prize is presented for lifetime achievement and not for any one specific work. King Juan Carlos will present the award during an April 23 ceremony to commemorate the death in 1616 of Miguel de Cervantes, author of "Don Quixote."

Bruce Springsteen won a legal battle Thursday to block a British firm from releasing songs he recorded before he became famous. The level of damages claimed was not specified in the High Court in London — there will be a later inquiry into how much Springsteen will receive. He had sued Masquerade Music Ltd. for breach of copyright over its plan to release tracks he recorded 26 years ago. Springsteen told the court that the recordings, in which he accompanies himself on guitar or piano, were never meant to be released. The company said it believed it owned the rights to Springsteen's early

recordings, granted by his former manager, Jim Cretecos, but Springsteen argued that the copyright became his after his partnership with Cretecos ended.

The American rap star Coolio does not plan to appeal his conviction in Germany last week for theft and punching a

An 1865 'Alice' Sells at Auction

Reuters

NEW YORK — A rare 1865 First Edition of "Alice's Adventures in Wonderland" that was used by Lewis Carroll as a working copy, was sold Wednesday for \$1.5 million in what Christie's auction house described as a record price for a children's book. The presale estimate for the book was in the \$1.5 million to \$2 million range, but Christie's officials were not disappointed by the price. "I think it got a good buyer," said Francis Waghren, head of Christie's International Department of Printed Books and Manuscripts. "I'm pleased with the result. I know it's going to a very good home, someone who loves books." Waghren also said the price was a record for a children's book. He said the previous record was the \$1.2 million paid for William Blake's "Songs of Innocence and Experience."

boutique owner and may use his impressions from the trial in his next album, his attorney said. The lawyer, Georg Prasser, said Coolio believed that the Stuttgart court verdict was unjust but preferred to accept it and to concentrate on his music and a planned European tour. A court sentenced Coolio to six months' probation and fined him \$17,000.

The father of Athina Roussel, the 13-year-old heiress to the Onassis shipping fortune, has been sentenced in Greece to five years in prison after being found guilty of slander and other charges leveled by the trustees of the girl's estate. Thierry Roussel filed an appeal and was not detained. He was sued by the four trustees after he lost a court case in which he accused them of fiscal mismanagement.

A Dutch court has banned all publications that cast doubt on the authenticity of Anne Frank's diary, declaring that such questions insulted and offended Jews. The court ruled in a case arising from the unsolicited distribution to Dutch libraries in 1992 of a book that alleged that Anne's father, Otto, was the true author of the journal that chronicled her family's years of hiding from the Nazis. In the case, brought by the Anne Frank Foundation of Amsterdam and the Anne Frank Fund of Basel, Switzerland, the court barred the publishers and authors of "Anne Frank: A Critical Approach" from distributing it, on pain of a \$12,500 fine.



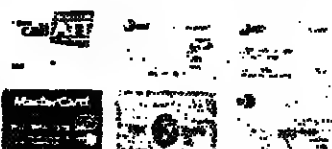
Jose Hierro has won Spain's top literary prize.

(go down in history)

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